



Mary Taylor, CPA  
Auditor of State



**AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

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Mary Taylor, CPA  
Auditor of State

Agricultural Society  
Van Wert County  
1055 South Washington Street  
Van Wert, Ohio 45891

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 adverse 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

April 6, 2009

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society  
Van Wert County  
1055 South Washington Street  
Van Wert, Ohio 45891

To the Board of Directors:

We have audited the accompanying financial statements of the Van Wert County Agricultural Society, (the Society), as of and for the years ended November 30, 2008 and 2007. 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 statements. 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. 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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position 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 Van Wert County Agricultural Society, as of November 30, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402  
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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 April 6, 2009, 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

April 6, 2009



**AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Operating Receipts:</b>		
Admissions	\$277,609	\$269,062
Privilege Fees	88,261	112,856
Rentals	151,473	136,566
Sustaining and Entry Fees	20,685	22,160
Parimutuel Wagering Commission	13,674	15,878
Other Operating Receipts	100,559	114,649
Total Operating Receipts	<u>652,261</u>	<u>671,171</u>
 <b>Operating Disbursements:</b>		
Wages and Benefits	121,075	110,692
Utilities	55,636	90,495
Professional Services	87,741	67,043
Equipment and Grounds Maintenance	155,528	174,792
Race Purse	85,814	110,218
Senior Fair	47,798	49,020
Junior Fair	23,896	25,342
Capital Outlay	8,430	8,347
Other Operating Disbursements	130,606	185,037
Total Operating Disbursements	<u>716,524</u>	<u>820,986</u>
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 <u>(64,263)</u>	 <u>(149,815)</u>
 <b>Non-Operating Receipts (Disbursements):</b>		
State Support	26,148	29,044
County Support	40,000	43,300
Debt Proceeds	87,000	527,144
Donations/Contributions	49,231	36,737
Investment Income	165	176
Debt Service	(144,309)	(467,085)
 Net Non-Operating Receipts (Disbursements)	 <u>58,235</u>	 <u>169,316</u>
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 <u>(6,028)</u>	 <u>19,501</u>
 Cash Balance, Beginning of Year	 <u>25,004</u>	 <u>5,503</u>
 Cash Balance, End of Year	 <u><u>\$18,976</u></u>	 <u><u>\$25,004</u></u>

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

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**AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007**

**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 Agricultural Society, Van Wert 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 Van Wert County Fair during August and September. During the fair, harness races are held. Van Wert County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Van Wert 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 the Apple Festival, the Peony Festival, and the Old Fashion Farmers Day. The reporting entity does not include any other activities or entities of Van Wert County, Ohio.

Notes 7 and 8, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

The Society's cash deposits are valued at cost.

**D. 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.

**AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. 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.

**F. Race Purse**

Northwestern Ohio Superstakes races are held during the Van Wert 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 Northwestern Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

**Ohio Fairs Fund**

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

**G. 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 3 for additional information.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

**AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**2. DEPOSITS AND INVESTMENTS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2008 and 2007 was as follows:

	<b>2008</b>	<b>2007</b>
Demand deposits	\$13,206	\$24,004
Certificates of deposit	5,770	1,000
Total deposits	\$18,976	\$25,004

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

**3. 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, 2008 and 2007 was \$18,848 and \$22,696, respectively, as part of 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.

	<b>2008</b>	<b>2007</b>
Total Amount Bet (Handle)	\$66,198	\$78,025
Less: Payoff to Bettors	(52,524)	(62,147)
Parimutuel Wagering Commission	13,674	15,878
Tote Service Commission	(6,171)	(7,246)
State Tax	(2,030)	(2,206)
Society Portion	\$ 5,473	\$ 6,426

**4. DEBT**

Debt outstanding at November 30, 2008, was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Consolidation Loan	\$427,500	7.25%
Line of Credit	39,000	7.00%
Billboard Sign Loan	17,740	7.00%
County Loan	11,000	0.00%
Total	\$495,240	

**AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**4. DEBT**

The Consolidation Loan was issued to pay-off the consolidation loan of 2003, the line of credit, the short-term loan, and the operating cost/loss. The loan was entered into on March 7, 2007, and matures March 7, 2027, with an interest rate of 7.25 percent. The principal payment is due March 7<sup>th</sup> each year and interest is payable semi-annually on September 7<sup>th</sup> and March 7<sup>th</sup>.

Van Wert County loaned the Society \$36,000 on November 6, 2003, to cover operating costs. The loan from the County is to be paid back to the County at a rate of six thousand dollars (\$6,000) per year. The Society has made \$5,000 payments each year with the exception of fiscal year 2004, where no payment was made. Estimated pay-off is in 2010.

The Society obtained a loan for \$40,450 on July 15, 2005, to pay off the lease with Signs and Wonders for a billboard sign on the fairgrounds. The loan matures July 15, 2010, and has an interest rate of 7.00 percent.

The Agricultural Society has a \$50,000 line of credit available with a local financial institution to cover operating expenses incurred during the fair. The interest rate on the line of credit is 7.00 percent. \$39,000 of the 2008 line of credit was outstanding as of November 30, 2008. The line of credit balance is rolled-over once a year into a new line of credit.

Amortization of the above debt is scheduled as follows:

<b>Year ending November 30:</b>	<b>Consolidation Loan - Principal</b>	<b>Consolidation Loan - Interest</b>	<b>County Loan</b>	<b>Line of Credit</b>	<b>Billboard Sign Loan</b>	<b>Total</b>
2009	\$ 22,500	\$ 30,178	\$ 6,000	\$39,000	\$ 9,892	\$107,570
2010	22,500	28,547	5,000		9,892	65,939
2011	22,500	26,916				49,416
2012	22,500	25,284				47,784
2013	22,500	23,653				46,153
2014-2018	112,500	93,797				206,297
2019-2023	112,500	53,016				165,516
2024-2027	90,000	13,050				103,050
<b>Total</b>	<b>\$427,500</b>	<b>\$294,441</b>	<b>\$11,000</b>	<b>\$39,000</b>	<b>\$19,784</b>	<b>\$791,725</b>

**5. RISK MANAGEMENT**

The Van Wert County Commissioners provide general insurance coverage for all the buildings on the Van Wert County Fairgrounds pursuant to Ohio Revised Code § 1711.24. The Agricultural Society's coverage through the Commissioners is approximately \$5,648,000.

General liability and vehicle coverage is provided by an Acord Insurance Company, Inc. at \$2,000,000 per occurrence

The Society's Secretary and Treasurer are bonded for performance with coverage of \$50,000 and \$25,000, respectively.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2009.

**AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**6. RELATED PARTY TRANSACTIONS**

Board member, Jerry Koenig is owner of Flat Lands Supply Company from which the Society acquired miscellaneous supplies during fiscal years 2008 and 2007, for \$10,148 and \$15,748, respectively. Also, Jerry Koenig's wife, Laura Koenig was hired to maintain web hosting during fiscal years 2008 and 2007 for \$2,350 and \$2,250, respectively.

**7. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Buckeye Y organization representatives, is responsible for the Junior Fair Division activities of the Van Wert County Fair. The Society disbursed \$23,896 in fiscal year 2008 and \$25,342 in fiscal year 2007 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's unaudited financial activity for the years ended November 30, 2008 and 2007 follows:

	<b>2008</b>	<b>2007</b>
Beginning Cash Balance	\$2,519	\$2,371
Receipts	6,285	5,138
Disbursements	(5,957)	(4,990)
Ending Cash Balance	\$2,847	\$2,519

**8. 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 Van Wert 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 unaudited financial activity for the year ended November 30, 2008 and 2007 follows:

	<b>2008</b>	<b>2007</b>
Beginning Cash Balance	\$2,306	\$6,157
Receipts	7,337	
Disbursements	(3,483)	(3,851)
Ending Cash Balance	\$6,160	\$2,306

**9. NON COMPLIANCE**

As of November 30, 2008, Society debt amounted to \$495,240 which represents approximately sixty-five percent of annual revenues. During 2007, the Society issued a new consolidation loan to retire approximately \$375,000 in debt related to real estate loans for the horse barn, the administrative building roof and restroom construction and repair with the remaining amount used to fund operating costs. The Society intermittently borrowed a total of \$87,000 during 2008 as temporary working capital to meet expenditure obligations.

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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*

Agricultural Society  
Van Wert County  
1055 South Washington Street  
Van Wert, Ohio 45891

To the Board of Directors:

We have audited the financial statements of the Van Wert County Agricultural Society, (the Society), as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated April 6, 2009, wherein we noted the Society followed 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses as described above.

We noted certain internal control matters that we reported to the Society's management in a separate letter dated April 6, 2009.

### **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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 thru 2008-003.

We also noted certain noncompliance or other matters that we reported to the Society's management in a separate letter dated April 6, 2009.

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. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

April 6, 2009

**AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Finding for Recovery – Repaid Under Audit**

Per the Agricultural Society’s leave policy, employees are entitled to 5 days sick leave per year. Vacation is granted after a full year’s service is completed with 5 days at one year, ten days at two years and one day for each year after that.

Coral Fetzer was hired in November, 2004 as the office manager and resigned in January, 2008. At the end of fiscal year 2006, her sick leave balance was a negative 21 hours. She accumulated 5 days (40 hours) per leave policy for fiscal year 2007 allowing her 19 hours of sick leave for use in 2007. Per the payroll timecards, she used 76 hours of sick leave resulting in an overpayment of 57 hours sick leave.

At the end of fiscal year 2006, records show her vacation leave balance was 8 hours. For fiscal year 2007, she accumulated 11 days (88 hours) for three years of service per the leave policy allowing her 96 hours vacation leave for use in 2007. Per the payroll timecards, she used 149.5 hours of vacation leave during 2007 resulting in an overpayment of 53.5 hours vacation leave.

In addition, Coral Fetzer was overpaid 8 hours of vacation leave for pay period January 5, 2007. Per her payroll timecard, she worked 15.25 hours received 8 hours of holiday pay for January 1, 2007 and took 6 hours of vacation leave on December 29, 2007 and three hours of vacation leave on January 4, 2007 for a total of thirty-two and one-quarter hours. Per her check stub for that pay period, she was paid for 15.25 work hours, 8 hours holiday pay, and 17 hours vacation leave for a total of forty and one quarter hours resulting in 8 hours of vacation overpayment.

Consequently, Coral Fetzer was overpaid 57 hours of sick leave and 61.5 hours of vacation leave as of her resignation date. The total overpayment of sick and vacation leave totals 118.5 hours. Coral Fetzer’s hourly rate during 2007 was \$8.95 per hour, therefore, the overpayment amount totaled \$1,060.58.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Coral Fetzer, former office manager, in the amount of \$1,060.58 in favor of the Society’s treasury.

**Officials Response:**

The finding was repaid under audit in the amount of \$1,060.58 on March 9, 2009, Receipt No. 22529, and deposited on the same day.

### **FINDING NUMBER 2008-002**

#### **Finding for Recovery - Repaid Under Audit**

The Agricultural Society sponsors Harness Racing at the Annual Fair. Race winners receive a purse pre-determined before the race is held. Per the race sheets from the Speed office, the 5<sup>th</sup> running race on September 1, 2008 had a purse payout of \$1,105 for 1<sup>st</sup> place, \$552.50 for 2<sup>nd</sup> place, \$331.50 for 3<sup>rd</sup> place, and \$221 for fourth place.

The race sheet dated September 1, 2008 for the 5<sup>th</sup> race, indicated that Chester the Pester owned by JSR Stables won the 3<sup>rd</sup> place purse of \$331.50. Per a check issued to JSR Stables on September 1, 2008, the Agricultural Society mistakenly paid \$552.50 for the 3<sup>rd</sup> place finish. This payment exceeded the purse owed by \$221.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended was issued against JSR Stables in the amount of \$221 in favor of the Society's treasury.

#### **Officials Response:**

The finding was repaid under audit by JSR Stables in the amount of \$221 on February 16, 2009, on Receipt No. 22496 which was deposited on February 19, 2009.

### **FINDING NUMBER 2008-003**

#### **Noncompliance - Indebtedness**

**Ohio Revised Code Sections 1711.13(B)** states that County agricultural societies may enter into agreements to obtain loans and credit for expenses related to the purposes of the county agricultural society, provided that the agreements are in writing and are first approved by the board of directors of the society. The total net indebtedness incurred by a county agricultural society pursuant to this division (B) shall not exceed an amount equal to twenty-five percent of its annual revenues.

The Society had a total net indebtedness of \$495,240 for fiscal year 2008 and \$516,760 for fiscal year 2007. These amounts exceeded the twenty-five percent of annual revenues debt limitation by \$303,289 for fiscal year 2008 and \$321,653 for fiscal year 2007.

The failure to abide by required statutes could result in the Society becoming overextended and unable to meet the debt requirements.

The Society should review Ohio Revised Code Section 1711.13 for debt requirements before any new debt is issued.

#### **Officials Response:**

Before any funds will be borrowed in the future, the fair board will review the code section 1711.13.

**AGRICULTURAL SOCIETY  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	overpayment of horse race winnings	Yes, repaid under audit during the prior audit	
2006-002	overpayment of horse race winnings	Yes, repaid under audit during the prior audit	
2006-003	ORC 1711.13(B)–debt limitation exceeded	No	Repeated as Finding 2008-003





**Mary Taylor, CPA**  
Auditor of State

**AGRICULTURAL SOCIETY**

**VAN WERT 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 21, 2009**