



Mary Taylor, CPA
Auditor of State

DEFIANCE COUNTY AGRICULTURAL SOCIETY

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Mary Taylor, CPA
Auditor of State

Defiance County Agricultural Society
P.O. Box 184
Hicksville, Ohio 43526-0184

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 presents 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

July 1, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Defiance County Agricultural Society
P.O. Box 184
Hicksville, Ohio 43526-0184

To the Board of Directors:

We have audited the accompanying financial statements of Defiance County Agricultural Society (the Society) as of and for the years ended November 30, 2009 and 2008. 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.

Except as discussed in the following paragraph, 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.

We were unable to obtain sufficient evidential matter to support amounts recorded as Admissions and Donations/Contributions revenues for the year ended November 30, 2008. Admissions revenue is \$112,301, which represents 22 percent of total revenue, while Donations/Contributions revenue amounts to \$62,869, or 13 percent of total revenue for the year then ended.

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.

Instead of the fund the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Society's larger (i.e. major) funds separately. 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, 2009 and 2008, 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, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain sufficient evidential matter for fiscal year 2008 Admissions revenue and Donations/Contributions revenue, the financial statements referred to above presents fairly, in all material respects, the cash balance of Defiance County Agricultural Society as of November 30, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2010, 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.



Mary Taylor, CPA
Auditor of State

July 1, 2010

DEFIANCE COUNTY AGRICULTURAL SOCIETY
STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Operating Receipts:		
Admissions	\$118,976	\$112,301
Privilege Fees	33,030	16,645
Rentals	48,109	39,621
Sustaining and Entry Fees	23,170	27,330
Parimutuel Wagering Commission	2,902	3,191
Other Operating Receipts	<u>10,331</u>	<u>19,995</u>
 Total Operating Receipts	 <u>236,518</u>	 <u>219,083</u>
Operating Disbursements:		
Wages and Benefits	3,839	6,776
Utilities	31,373	33,200
Professional Services	38,342	65,094
Equipment and Grounds Maintenance	46,781	47,617
Race Purse	47,082	61,676
Senior Fair	35,714	15,530
Junior Fair	24,221	13,996
Capital Outlay		1,863
Other Operating Disbursements	<u>38,771</u>	<u>45,679</u>
 Total Operating Disbursements	 <u>266,123</u>	 <u>291,431</u>
Excess of Operating Disbursements Over Operating Receipts	 <u>(29,605)</u>	 <u>(72,348)</u>
Non-Operating Receipts (Disbursements):		
State Support	23,704	26,342
County Support	6,100	3,300
Livestock Sale Income	173,450	189,865
Donations/Contributions	48,461	62,869
Investment Income	40	18
Debt Service	(5,506)	(8,722)
Livestock Sale Expenses	<u>(169,320)</u>	<u>(191,659)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>76,929</u>	 <u>82,013</u>
Excess of Receipts Over Disbursements	47,324	9,665
Cash Balance, Beginning of Year	<u>13,828</u>	<u>4,163</u>
Cash Balance, End of Year	<u><u>\$61,152</u></u>	<u><u>\$13,828</u></u>

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

DEFIANCE COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS NOVEMBER 30, 2009 AND 2008

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 Defiance County Agricultural Society (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 1877 to operate an annual agricultural fair. The Society sponsors the week-long Defiance County Fair during August. During the fair, harness races are held, culminating in the running of the Gene L. Vance Memorial Race and the Kermit Peter Trot Race. Defiance County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 30 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Defiance 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, harness racing during fair week. Other year round activities at the fairgrounds including facility rental, stall rental, and community events including the Ball Summer Fest in July. The reporting entity does not include any other activities or entities of Defiance County, Ohio.

Note 7 summarize the Junior Fair Board's financial activity.

The Society's management believes these financial statements present 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. Budgetary Process

The Board of Directors prepares an annual operating budget, including estimated receipts and disbursements for all activities other than the Livestock Sale. The Board approves the budget in its final form during the first six months of the fiscal year.

The Board of Directors adopted an operating budget in 2009.

A summary of 2009 budgetary activity appears in Note 3.

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.

DEFIANCE COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2009 AND 2008

(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

Northwest Ohio Colt stake races are held during the Defiance 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. In fiscal years 2009 and 2008, the Society also included additional funds of \$2,268 and \$9,514, respectively, to the race purse for winning horses.

Sustaining and Entry Fees

Horse owners and Defiance County's Horseman's Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statements 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.

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 statements as Pari-mutuel Wagering Commission. See Note 4 for additional information.

DEFIANCE COUNTY AGRICULTURAL SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

2. DEPOSITS

The carrying amount of deposits at November 30, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$61,152</u>	<u>\$13,828</u>

Deposits are insured by the Federal Depository Insurance Corporation collateralized by the financial institution's public entity deposit pool (as necessary).

3. BUDGETARY ACTIVITY

For the year ended November 30, 2009, the Society had budgeted receipts of \$217,786 and actual receipts of \$488,273, resulting in a variance of \$270,487. Additionally, the Society had budgeted disbursements of \$212,281 and actual disbursements of \$440,949, resulting in a variance of \$228,668. The variances were due in large part not budgeting for Livestock Sale financial activity in the Society's annual budget for fiscal year 2009.

4. HORSE RACING

State Support Portion of Purse

The financial statements reports Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2009 and 2008, was \$19,069 and \$21,007, respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying financial statements, 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.

	<u>2009</u>	<u>2008</u>
Total Amount Bet (Handle)	\$14,055	\$15,773
Less: Payoff to Bettors	(11,153)	(12,582)
Parimutuel Wagering Commission	2,902	3,191
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(1,254)	(1,512)
State Tax	(430)	(431)
Society Portion	<u>\$618</u>	<u>\$648</u>

DEFIANCE COUNTY AGRICULTURAL SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

5. DEBT

Debt outstanding at November 30, 2009, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Note Payable for Pay Loader and Mower	<u>\$4,995</u>	4.46%

The Pay Loader and Mower Note bears an interest rate of 4.46% and is due to CNH Capital. The note was entered into on March 15, 2007, and matures March 15, 2010. The note relates to the purchase of a pay loader and mower and is collateralized by the purchased equipment.

Amortization of the above debt is scheduled as follows:

<u>Year ending November 30:</u>	<u>Tractor Note</u>
2010	<u>\$5,462</u>

6. RISK MANAGEMENT

The Defiance County Commissioners provide general insurance coverage for all the buildings on the Defiance 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. The Society's Acting Treasurer was bonded with coverage of \$100,000 in 2009.

7. 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 Defiance County Fair. In fiscal years 2009 and 2008, the Society disbursed \$4,198 and \$2,611, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as part of the Junior Fair Disbursements. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2009 and 2008, follows:

	<u>2009</u>	<u>2008</u>
Beginning Cash Balance	\$1,016	\$2,678
Receipts	9,028	8,105
Disbursements	<u>(8,236)</u>	<u>(9,767)</u>
Ending Cash Balance	<u>\$1,808</u>	<u>\$1,016</u>

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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*

Defiance County Agricultural Society
P.O. Box 184
Hicksville, Ohio 43526-0184

To the Board of Directors:

We have audited the financial statements of Defiance County Agricultural Society (the Society) as of and for the years ended November 30, 2009 and 2008, and have issued our report thereon dated July 1, 2010, wherein we noted we were unable to obtain sufficient evidential matter to support the Admissions revenue and the Donations/Contributions revenue in fiscal year 2008 and the Society prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated July 1, 2010.

We intend this report solely for the information and use of management, Board of Directors, and others within the Society. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 1, 2010

DEFIANCE COUNTY AGRICULTURAL SOCIETY

SCHEDULE OF FINDINGS NOVEMBER 30, 2009 AND 2008

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

FINDING NUMBER 2009-001

Material Weakness

Monitoring of Financial Activity

Sound accounting procedures require there to be adequate segregation of duties and monitoring procedures performed by management. Financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Due to the small size of the Society's fiscal operations, the Treasurer performs all accounting functions. It is therefore important the governing board monitor financial activity closely.

We noted the following deficiencies:

- The Board did not monitor the activity of the Livestock Sale, such as the monthly bank reconciliations for the Livestock Sale account. This may have contributed to the financial activity of the Livestock Sale being excluded from the 2008 financial statements. Livestock Sale revenue and expenditure activity amounted to \$189,865 and \$191,659, respectively.
- The Board did not review comparisons of budget and actual receipts and disbursements on a regular basis.
- The 2008 beginning balance of \$4,163 was not included in the annual financial report, while the beginning balance in the 2009 annual financial report excluded certain bank accounts, which amounted to \$11,512.

As a result, audit adjustments up to \$191,659 were made to the Society's financial statements and accounting system to correct these and other posting discrepancies. Inaccurate posting of transactions impedes the ability of management officials to accurately assess the financial status of the Society.

In an effort to help ensure financial activity of the Society is being properly accounted for and reported we recommend the following:

- The Board or other committee should review the monthly bank reconciliations for the Livestock Sale account. Other pertinent financial information, including detailed receipt and disbursements activity reports, delinquent accounts, etc. should be provided to the Board or other committee on a periodic basis. These documents should be reviewed, initialed, and approved in the minutes.
- In addition to detailed revenue and disbursement ledgers, the Board or other committee should review detailed comparisons of budget and actual receipts and disbursements on a monthly basis. Variances from budgeted amounts would be an indicator of additional action may need to be taken by the Board.
- The Board or other committee should develop a review process to ensure all transactions are accurately posted to the accounting system and in the Society's annual financial report to ensure errors and omissions are detected and corrected. Also, all transactions should be posted to the proper accounts in the chart of accounts used by the Society, as suggested in the *Uniform System of Accounting for Agricultural Societies* manual issued by the Auditor of State.

FINDING NUMBER 2009-002

Material Weakness

Cash Collections

In fiscal year 2008, the former Secretary/Treasurer, did not maintain complete and accurate supporting documentation for admissions revenue and the donations/contributions revenue, which represents 22 and 13 percent, respectively, of total revenue for the year then ended.

In fiscal year 2009, the Society implemented procedures in an effort to address these deficiencies although we still noted the following weaknesses identified in ticketed revenue for 2009:

- Approximately 70 tickets for gate admissions were not located and unaccounted in fiscal year 2009. This difference was between “sold” tickets retained compared to the total number of tickets sold according to the gate ticket reconciliation report completed for the day.
- Although a summary ticket record was maintained which documented tickets sold/unsold for significant grandstand events, ticket reconciliations were not always prepared for each event held at the grandstand reconciling ticket sales to amounts collected for the event. Additionally, ticket sales were not compared and reconciled to the total number of tickets purchased for each grandstand event. This contributed to 20 tickets not being found for the Demo Derby in fiscal year 2009. This difference was between the number of sold/unsold tickets compared to the total number of tickets purchased for the event.

Lack of adequate supporting documentation in 2008 resulted in a scope limitation for admissions revenue and donations/contributions revenue. It could further result in a material amount of lost revenues to the Society as well as fraud.

Supporting documentation should be maintained to support cash collections. For example:

- Ticket reconciliations should be completed for daily gate admission tickets and season passes and for each event held at the grandstand.
- Unused tickets should always be located and accounted for.
- Data on completed daily ticket reconciliations should be accurate and complete based on documented ticket sales and matched to the total revenue actually collected.
- Amounts collected should be matched to specific receipts issued by the Secretary/Treasurer and/or deposits.
- Receipts should be issued for all monies received from individuals, merchants, or organizations and information on receipts should be complete and accurate.

We recommend the Society maintain complete and accurate supporting documentation for the various cash collections of the Society (daily gate and grandstand event admissions, donations/contributions, etc.). The support should include documentation for the revenues received such as ticket stubs, ticket reconciliations, items ordered, items sold, etc. In addition, these records should be reconciled to the amounts collected and turned over to the Secretary/Treasurer for receipt and deposit to the Society's depository (in turn, revenues reported in the Society's accounting system and financial statements). Receipts should be issued for all monies deposited with the Secretary/Treasurer and receipt information should be complete and accurate. Deposits should match specific sequences of receipts.

In particular, to strengthen controls and improve accountability over ticketed receipts, we recommend:

- Gate ticket sales (ticket sequences reported on the gate ticket reconciliation report) should be compared and reconciled to the total number of tickets sold (i.e. ticket stubs). Any discrepancies should be documented and explained on the reconciliations.
- Ticket reconciliations should be completed for each event held at the grandstand (similar to ticket reconciliation reports completed for gate admission activity).
- The total number of grandstand ticket sales (the number of sold/unsold tickets) should be compared and reconciled to the total number of tickets purchased for each event. Any discrepancies should be documented and explained on the reconciliations.

Official's Response:

We did not receive a response from Officials to the findings reported above.

DEFIANCE COUNTY AGRICULTURAL SOCIETY

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Administrative Code § 117-10-01 for incomplete and inaccurate financial records	Yes	
2007-002	Ohio Revised Code § 9.38 for not consistently turning over monies collected for campsite fees during fair week to the Treasurer by the next business day	No	Reissued in the Management Letter
2007-003	Ohio Revised Code § 117.38 for filing an annual financial report with the Auditor of State's office for fiscal year 2007 after the 60-day filing deadline and not publishing the proper notice in a local newspaper for either 2007 or 2006	Yes	
2007-004	Ohio Revised Code § 121.22 for not publishing notice to inform the public of when and where any regularly scheduled meetings are to be held, including any special meetings	Yes	
2007-005	Ohio Revised Code § 135.12(B) for not designating any depositories for its funds in either 2007 or 2006	No	Reissued in the Management Letter
2007-006	Ohio Revised Code § 135.14 for not adopting a written investment policy or filing notice of exemption with the Auditor of State	No	Reissued in the Management Letter
2007-007	Ohio Revised Code § 135.22 for not completing annual continuing education programs on investments provided by the Treasurer of State or filing an annual notice of exemption with the Auditor of State	No	Reissued in the Management Letter
2007-008	Ohio Revised Code § 5747.06 for not withholding state income taxes from the Secretary/Treasurer's wages during 2007 or 2006	Yes	

DEFIANCE COUNTY AGRICULTURAL SOCIETY

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2009 AND 2008
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-009	26 USCS §§ 3102 and 3402 for not withholding and remitting federal and other employment-related taxes	Yes	
2007-010	26 CFR § 1.6041-1 for not issuing 1099 forms to individuals for compensation for services	Yes	
2007-011	26 CFR § 1.6041-2 for not issuing W-2 forms to the individuals who held the Secretary/Treasurer position	Yes	
2007-012	Monitoring of financial activity by the governing board	No	Reissued as Finding Number 2009-001 in this report.
2007-013	Cash reconciliation procedures	Yes	
2007-014	Handling of monies by the Secretary/Treasurer	No	Partially corrected – reissued as part of Finding 2009-002 in this report.
2007-015	Procedures for ticketed revenues	No	Partially corrected – reissued as part of Finding Number 2009-002 in this report.
2007-016	Procedures for privilege fee and rental contract revenue	No	Partially corrected – reissued in the Management Letter
2007-017	Timely deposit of receipts by the Secretary/Treasurer	Yes	
2007-018	Periodic approval of a complete schedule of updated fees	No	Reissued in the Management Letter
2007-019	Policy for background/reference checks	Yes	
2007-020	Awarding of premiums paid out by check	Yes	
2007-021	Computer usage policy	Yes	
2007-022	Use of passwords	Yes	
2007-023	Travel policy	No	Reissued in the Management Letter
2007-024	Establishment of an audit committee	No	Reissued in the Management Letter



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

DEFIANCE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 20, 2010