



Dave Yost • Auditor of State

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

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Dave Yost • Auditor of State

Mahoning County Agricultural Society
Mahoning County
PO Box 250
Canfield, Ohio 44406

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.

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Dave Yost
Auditor of State

February 12, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mahoning County Agricultural Society
Mahoning County
PO Box 250
Canfield, Ohio 44406

To the Board of Directors:

We have audited the accompanying financial statements of the Mahoning County Agricultural Society, Mahoning County, (the Society) as of and for the years ended November 30, 2011 and 2010. 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 December 31, 2011 and 2010 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, 2011 and 2010, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances as of November 30, 2011 and 2010 of Mahoning County Agricultural Society, Mahoning County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2013, 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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 12, 2013

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCES
FOR THE YEARS ENDED NOVEMBER 30, 2011 and 2010**

	2011	2010
Operating Receipts:		
Admissions	\$1,880,366	\$1,779,661
Privilege Fees	778,257	831,104
Rentals	299,672	331,998
Sustaining and Entry Fees	15,512	25,282
Parimutuel Wagering Commission	6,903	8,204
Other Operating Receipts	227,694	201,610
 Total Operating Receipts	 3,208,404	 3,177,859
Operating Disbursements:		
Wages and Benefits	946,107	915,372
Utilities	226,395	223,056
Professional Services	891,144	783,844
Equipment and Grounds Maintenance	83,534	77,062
Race Purse	56,709	72,480
Senior Fair	141,625	137,020
Junior Fair	54,460	48,558
Capital Outlay	351,122	247,814
Other Operating Disbursements	612,662	561,787
 Total Operating Disbursements	 3,363,758	 3,066,993
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(155,354)	110,866
Non-Operating Receipts (Disbursements):		
State Support	19,524	22,192
Investment Income	13,531	15,234
 Net Non-Operating Receipts (Disbursements)	 33,055	 37,426
Excess (Deficiency) of Receipts Over (Under) Disbursements	(122,299)	148,292
Cash Balance, Beginning of Year (Restated, See Note 6)	2,056,365	1,901,632
Cash Balance, End of Year	\$1,934,066	\$2,049,924

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

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**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

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 Mahoning County Agricultural Society, Mahoning 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 1845 to operate an annual agricultural fair. The Society sponsors the week-long Canfield Fair during August/September. During the fair, harness races are held, culminating in the running of the Home Talent Colt Stakes. Mahoning County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 17 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Mahoning 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, track and stall rental, and community events including Joe and Ed's Swap Meet and horse shows. The reporting entity does not include any other activities or entities of Mahoning County, Ohio.

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth Organization representative, is responsible for the Junior Fair Division activities of the Society. All Junior Fair Board activity is included in the Society's financial statements.

Note 7 summarizes the 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 accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Society values certificates of deposit at cost.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

E. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

F. 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.

G. Race Purse

Home Talent Colt stake races are held during the Mahoning 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 Canfield Horseman's Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

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

H. 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 Racing Technologies, Inc. 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.

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010
(Continued)**

2. DEPOSITS AND INVESTMENTS

The Society maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at November 30, 2011 and 2010 was as follows:

	2011	2010
Demand deposits	\$84,629	\$150,724
Certificates of deposit	454,766	447,350
Other time deposits (savings and NOW accounts)	1,394,671	1,451,850
Total deposits and investments	\$1,934,066	\$2,049,924

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Society;

3. 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, 2010 and 2011 was \$15,040 and \$12,776, respectively, as State Support.

Pari-mutuel Wagering

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

	2011	2010
Total Amount Bet (Handle)	\$ 33,462	\$ 40,360
Less: Payoff to Bettors	(26,559)	(32,156)
Parimutuel Wagering Commission	6,903	8,204
Tote Service Set Up Fee	(600)	(600)
Tote Service Commission	(3,171)	(3,882)
State Tax	(1,019)	(1,134)
Society Portion	\$ 2,113	\$ 2,588

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010
(Continued)**

4. RETIREMENT SYSTEM

In December 1998 the Society established a SIMPLE IRA plan in which all qualified employees may participate. This plan is entirely funded by employee contributions and the Society makes a matching contribution equal to the employee salary reduction contributions up to a limit of 3% of their compensation for the year, not to exceed \$6,000.

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2011 and 2010, employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participant's gross salaries through November 30, 2011.

5. RISK MANAGEMENT

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Mahoning County Commissioners provide general insurance coverage for all the buildings on the Mahoning County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$5,000,000. The Society's general manager is bonded with coverage of \$15,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through May 2012.

6. RESTATEMENT OF FUND BALANCE

The Mahoning County Dairy Committee is in charge of running the Cheese Sale during fair week. Prior to 2011 this activity was accounted for separately from fair activity in a separate account. While the activity is still accounted for in a separate account, the fair is not recording this activity on their books. This has resulted in a restatement of the beginning fund balance for fiscal year 2011.

Fund Balance 11/30/10	\$2,049,924
Dairy Fund Balance	\$6,441
Restated Beginning Fund Balance	\$2,056,365

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010
(Continued)**

7. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Mahoning County's auction. A commission of 1 percent on auction sales per head for large animals and 2 percent per head for small animals 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, 2011 and 2010 follows:

	2011	2010
Beginning Cash Balance	\$ 34,805	\$ 30,005
Receipts	487,559	371,466
Disbursements	(480,407)	(366,666)
Ending Cash Balance	\$ 41,957	\$ 34,805

8. WESTERN RESERVE VILLAGE

The Western Reserve Village is located on the fair grounds. The area contains structures representing a village in the 1800's. These structures include a general store, a doctor's office, a carriage house as well as several other structures which would be consistent with that time frame. These structures are owned by the agricultural Society. However, maintenance and improvements of these structures are performed by the Western Reserve Village Board. The Board receives donations from people visiting the Village to help with maintenance and improvement of these structures. There will be a minimum of seven members on the Board, one of which has to be the President of the Mahoning County Agricultural Society Board. The accompanying financial statement does not include the activities of the Western Reserve Village. The Western Reserve Village's financial activity for the years ended November 30, 2011 and 2010 follows:

	2011	2010
Beginning Cash Balance	\$ 32,582	\$ 36,062
Receipts	5,959	5,302
Disbursements	(4,294)	(8,782)
Ending Cash Balance	\$ 34,247	\$ 32,582

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010
(Continued)**

9. CANFIELD FAIR FOUNDATION

The Canfield Fair Foundation is a nonprofit corporation under Ohio Revised Code 1702.01. The Foundation is organized and at all times shall be operated exclusively for charitable, educational, scientific and religious purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or any other corresponding provision of any superseding federal tax law, (the "Code"), including, without limiting the foregoing, for the purposes of supporting, benefiting and carrying out the charitable, educational, scientific and religious purposes of the Canfield Fair and the Mahoning County Agricultural Society. The Board of Directors shall consist of five Directors, one of which is the President of the Society Board, of the remaining four members two of the elected officials must be Directors of the Society, but not its President, another of the elected must be a member of the Society but not a Director. The accompanying financial statement does not include the activities of the Canfield Fair Foundation. The Canfield Fair Foundation's financial activity for the years ended November 30, 2011 and 2010 follows:

	2011	2010
Beginning Cash Balance	\$ 2,130	\$ 629
Receipts	1,771	1,501
Disbursements	(1,028)	0
Ending Cash Balance	\$ 2,873	\$ 2,130

10. VETERANS MEMORIAL BUILDING

The Veterans Memorial Building is located on the fairgrounds. The building is owned by the Agricultural Society. However, the maintenance and improvements of the structure is performed by the Veterans Memorial Building Board. The Veterans Memorial Building Board derives revenues from contracts it enters in to with various branches of the United States Armed Services and veterans groups to set up displays, encampments and exhibits on the grounds around the building. The accompanying financial statements do not include the activities of the Veterans Memorial Building.

11. RELATED PARTY TRANSACTIONS

A Director is affiliated with a company from which the Society acquired electrical work for a new pavilion during the audit period. The Society paid \$17,299 for these services.



Dave Yost • Auditor of State

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

Mahoning County Agricultural Society
Mahoning County
PO Box 250
Canfield, Ohio 44406

To the Board of Directors:

We have audited the accompanying financial statements of the Mahoning County Agricultural Society, Mahoning County, (the Society) as of and for the years ended November 30, 2011 and 2010, and have issued our report thereon dated February 12, 2013, wherein we noted 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *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 material financial statement misstatements will not be prevented, or detected and timely corrected.

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 deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider significant deficiencies in internal control over financial reporting. We consider findings 2011-01 through 2011-03 to be significant deficiencies. 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.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-04.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated February 12, 2013.

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 management, the audit committee, the Board of Directors and others within the Society. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

February 12, 2013

**MAHONING COUNTY AGRICULTURAL SOCIETY
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

Significant Deficiency-Campsite Rental Receipts

Fair campsite rental receipts are collected at the campsite office and turned into the fair office daily. No reconciliation is performed on these receipts nor is a pay-in created or receipt issued from the fair office.

Without having a nightly reconciliation of the campsite rentals there is no way to ensure the proper amounts are being collected, recorded and/or deposited.

We recommend the Society ensure that monies taken in during the day are reconciled nightly before the money is taken for deposit. This will help ensure that all receipts written will match the deposit. Additionally, we recommend that pay-ins be issued whenever money is being exchanged between one party of the fair to another.

Officials' Response:

Pursuant to the Society's request for a detailed audit review and the findings of the Auditor of State, the Society will review and may adopt best practices from the Auditor of State website.

FINDING NUMBER 2011-02

Significant Deficiency-Grandstand Receipts

During our examination of the grandstand shows reconciliations, we noted the following:

- While the money collected from grandstand shows is deposited nightly with the fair bank, a reconciliation of ticket sales is not performed nightly. The Director doesn't have a report to reconcile to at the end of each night. This may be because the ticket sale system is not being used to its full capacity;
- Reconciliations of each show are not provided to the Board until approximately a month after the show;
- Supporting documentation provided for Director and Staff tickets did not agree to amount reported;
- Supporting documentation could not be provided identifying the number of pit passes sold and the money collected for the demolition derby shows; and
- Complimentary tickets are held for performing artists per the entertainment contracts. When not all of the tickets are used, they are returned to the Society. For 2011, to reconcile ticket sales, the value of these returned tickets was added back into the reconciliation as a ratio percentage across all acts, not just the ones for which complimentary tickets were issued. There was no supporting documentation for these allocations. Furthermore, there was no evidence that any complimentary tickets were returned in 2010, since none were listed on the ticket reconciliation.
- Supporting documentation could not be provided identifying the number of complimentary tickets used and given back to the Society for re-sale and the money collected for the Reba and Blake Shelton/Chris Young shows.

**FINDING NUMBER 2011-02
(Continued)**

Failure to properly reconcile the grandstand shows could result in inaccurate information being recorded on the Society's books.

We recommend the Society:

- Reconcile receipts collected to a report of tickets sold nightly;
- Ensure revenues from pit passes are collected and recorded accurately;
- Accurately document and record all tickets.

Officials' Response:

Pursuant to the Society's request for a detailed audit review and the findings of the Auditor of State, the Society will review and may adopt best practices from the Auditor of State website.

FINDING NUMBER 2011-03

Significant Deficiency-Purchase Orders

Mahoning County Agricultural Society's Purchase Policy states, in part "Purchase orders shall be used for all purchases. Purchase orders shall be signed by the person requesting same and approved by either two members of the Board of Directors not involved in the purchase or one Director not requesting the purchase and Fair Manager. Requests by the Fair Manager shall be approved by two members of the Board of Directors."

During our examination of the Society's procurement cycle, we identified 62 out of 64 expenditures tested that were not approved in accordance with the aforementioned policy.

Failure to issue a purchase order for each purchase pursuant to the aforementioned policy, could result in the expenditure of moneys contrary to the Board's intent. In addition, failure to properly certify the availability of the funds can result in overspending funds and negative cash fund balances.

We recommend the Society issue purchase orders for all expenditures in accordance with the provisions set forth above to ensure that monies are expended in accordance with the Board's intent, and sufficient resources are available to pay for the procurement.

Officials' Response:

Updated policy is needed to clarify when purchase orders are to be assigned.

FINDING NUMBER 2011-04

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

During our testing of expenditures, we noted the Society purchased \$749 of wine in 2011. This wine was purchased by the Society for table centerpieces for the Annual Fair Association Managers Meeting put on by the Mahoning County Agricultural Society.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of this expenditure. Steward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Revise Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Beverly Fisher, Fair Manager, and Mark Makoski, Fair Treasurer, and their bonding companies, Ohio Farmers Insurance Company, jointly and severally, in the amount of \$749 in favor of the Mahoning County Agricultural Society.

The amount was repaid on February 20, 2013 with a cashier’s check.

Officials’ Response:

Wine purchased from a local winery for table centerpieces and gifts for OFMA District 5 & 9 meeting hosted by the Fair Board on March 27, 2011. This oversight shall be corrected.

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Dave Yost • Auditor of State

MAHONING COUNTY AGRICULTURAL SOCIETY

MAHONING 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
MARCH 28, 2013**