



**PUTNAM AGRICULTURAL SOCIETY  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



**PUTNAM COUNTY AGRICULTURAL SOCIETY  
PUTNAM COUNTY**

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Mary Taylor, CPA  
Auditor of State

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

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

June 3, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of Putnam 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.

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 governments 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 balance of the Putnam County Agricultural Society, as of November 30, 2008 and 2007, 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 June 3, 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.

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**Mary Taylor, CPA**  
Auditor of State

June 3, 2009

**PUTNAM COUNTY AGRICULTURAL SOCIETY  
PUTNAM COUNTY**

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

	<b>2008</b>	<b>2007</b>
<b>Operating Receipts:</b>		
Admissions	\$93,430	\$112,058
Privilege Fees	36,136	36,864
Rentals	27,842	26,769
Sustaining and Entry Fees	45,675	61,200
Parimutuel Wagering Commission	67	1,392
Fees	6,236	5,622
Other Operating Receipts	8,685	15,940
Total Operating Receipts	218,071	259,845
 <b>Operating Disbursements:</b>		
Wages and Benefits	30,278	20,673
Utilities	20,334	20,992
Professional Services	57,834	54,017
Equipment and Grounds Maintenance	37,888	35,864
Race Purse	75,546	96,070
Senior Fair	15,604	18,018
Junior Fair	8,879	12,066
Capital Outlay	12,210	13,373
Other Operating Disbursements	49,860	43,146
Total Operating Disbursements	308,433	314,219
 Excess of Operating Disbursements Over Operating Receipts	(90,362)	(54,374)
 <b>Non-Operating Receipts (Disbursements):</b>		
State Support	26,148	29,044
County Support	3,300	3,300
Debt Proceeds		
Donations/Contributions	34,844	33,932
Investment Income	318	395
Debt Service	(1,501)	(1,501)
Net Non-Operating Receipts (Disbursements)	63,109	65,170
 Excess of Receipts over/(under) Disbursements	(27,253)	10,796
 Cash Balance, Beginning of Year	46,644	35,848
 Cash Balance, End of Year	<b>\$19,391</b>	<b>\$46,644</b>

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

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**PUTNAM COUNTY AGRICULTURAL SOCIETY**

**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 Putnam 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 1855 to operate an annual agricultural fair. The Society sponsors the week-long Putnam County Fair during June. During the fair, harness races are held, culminating in the running of the Western Ohio Super Stakes. Putnam County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 20 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Putnam County and pay an annual membership fee to the Society.

**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. The reporting entity does not include any other activities or entities of Putnam County, Ohio.

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

The Society's management believes this financial statement 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**

Certificates of Deposit 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.

**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.

**PUTNAM COUNTY AGRICULTURAL SOCIETY**

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

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

**F. Race Purse**

The Western Ohio Super Stake races are held during the Putnam County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

**Sustaining and Entry Fees**

Horse owners and the Western Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement 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.

**2. DEPOSITS**

The carrying amount of deposits at November 30, 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$12,965	\$30,206
Certificates of deposit	6,426	16,438
Total deposits	<u>\$19,391</u>	<u>\$46,644</u>

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 \$17,848 and \$21,696, respectively, as State Support.

**PUTNAM COUNTY AGRICULTURAL SOCIETY**

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

**3. HORSE RACING (Continued)**

**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>2008</u>	<u>2007</u>
Total Amount Bet (Handle)	\$2,096	\$22,209
Less: Payoff to Bettors	<u>(1,672)</u>	<u>(17,737)</u>
Parimutuel Wagering Commission	424	4,472
Tote Service Set Up Fee	(200)	(400)
Tote Service Commission	(100)	(2,089)
State Tax	<u>(57)</u>	<u>(591)</u>
Society Portion	<u>\$67</u>	<u>\$1,392</u>

**4. RENTAL AGREEMENT**

The Society entered into a rental agreement in 2004, for 3.6 acres, to be used for fair parking. It is a 5 year lease with \$1,500 due each year on December 1<sup>st</sup>, starting 2004.

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

**5. SOCIAL SECURITY**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2008 and 2007, employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries through November 30, 2008.

**6. RISK MANAGEMENT**

The Putnam County Commissioners provide general insurance coverage for all the buildings on the Putnam County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability insurance, with an aggregate limit of \$2,000,000. This policy includes wrongful acts coverage with a limit of \$2,000,000 per occurrence. The Society's treasurer and secretary are bonded with coverage of \$20,000 each.

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.

**7. CONTINGENT LIABILITIES**

The Society is subject to a claim involving the fall of an attendee at the fair in 2006. Legal council was retained to represent the Society. As of May 19, 2009, the claim was settled at no cost to the Society.

**PUTNAM COUNTY AGRICULTURAL SOCIETY**

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

**8. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Putnam County Fair. The Society disbursed \$8,879 in 2008 and \$12,066 in 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. Junior Fair activity is controlled by an outside organization and as a result no other financial information is available. Contact Jason Hedrick to obtain Junior Fair Board financial information. The accompanying financial statements do not include the activities of the Junior Fair Board.

**9. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Putnam County's auction. A commission of 2.5 percent on auction sales is retained by the Junior Livestock Committee. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$20,531	\$21,185
Receipts	235,370	263,884
Disbursements	<u>(232,229)</u>	<u>(264,538)</u>
Ending Cash Balance	<u>\$23,672</u>	<u>\$20,531</u>



# 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*

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

To the Board of Directors:

We have audited the financial statements of Putnam County Agricultural Society, (the Society) as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated June 3, 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 defined above.

We noted certain matters that we reported to the Society's management in a separate letter dated June 3, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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**Mary Taylor, CPA**  
Auditor of State

June 3, 2009

PUTNAM COUNTY AGRICULTURAL SOCIETY  
PUTNAM 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	Monitoring Controls of finances by the Board.	No	Partially Corrected reissued as a Management Letter comment.





**Mary Taylor, CPA**  
Auditor of State

**PUTNAM COUNTY AGRICULTURAL SOCIETY**

**PUTNAM COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 7, 2009**