



Mary Taylor, CPA
Auditor of State

**VAN WERT COUNT AGRICULTURAL SOCIETY
VAN WERT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter.....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2006	5
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2005	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

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Mary Taylor, CPA
Auditor of State

Van Wert County 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 a February 2, 2005 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 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

August 6, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Van Wert County 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 Van Wert County Agricultural Society, Van Wert County, (the Society), as of and for the years ended November 30, 2006 and 2005. 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 funds the accompanying financial statements present, GAAP requires 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, 2006 and 2005 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, 2006 and 2005, 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 fund cash balances of Van Wert County Agricultural Society, Van Wert County, as of November 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The accompanying financial statements have been prepared assuming that the Society will continue as a going concern. As discussed in Note 10 to the financial statements, the Society's cash position as of November 30, 2006, was insufficient to allow them to pay the expenses incurred in the preceding year that raise a substantial doubt about its ability to continue as a going concern. The Society's plans in regards to this issue are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 August 6, 2007, 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

August 6, 2007

**VAN WERT COUNTY AGRICULTURAL SOCIETY
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2006**

	2006
Operating Receipts:	
Admissions	\$285,428
Privilege Fees	114,685
Rentals	200,384
Sustaining and Entry Fees	25,002
Parimutuel Wagering Commission	12,150
Other Operating Receipts	142,244
Total Operating Receipts	779,893
Operating Disbursements:	
Wages and Benefits	115,536
Utilities	56,129
Professional Services	153,654
Equipment and Grounds Maintenance	140,675
Race Purse	128,085
Senior Fair	50,404
Junior Fair	23,917
Capital Outlay	52,665
Other Operating Disbursements	193,589
Total Operating Disbursements	914,654
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(134,761)
Non-Operating Receipts (Disbursements):	
State Support	29,155
County Support	39,140
Debt Proceeds	44,450
Donations/Contributions	43,194
Investment Income	78
Debt Service	(19,253)
Net Non-Operating Receipts (Disbursements)	136,764
Excess (Deficiency) of Receipts Over (Under) Disbursements	2,003
Cash Balance, Beginning of Year	3,500
Cash Balance, End of Year	\$5,503

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

**VAN WERT COUNTY AGRICULTURAL SOCIETY
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2005**

	2005
Operating Receipts:	
Admissions	\$325,929
Privilege Fees	118,841
Rentals	143,614
Sustaining and Entry Fees	25,308
Parimutuel Wagering Commission	11,447
Other Operating Receipts	117,223
Total Operating Receipts	742,362
 Operating Disbursements:	
Wages and Benefits	120,749
Utilities	48,427
Professional Services	126,041
Equipment and Grounds Maintenance	141,844
Race Purse	125,524
Senior Fair	52,868
Junior Fair	24,608
Capital Outlay	30,688
Other Operating Disbursements	148,056
Total Operating Disbursements	818,805
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(76,443)
 Non-Operating Receipts (Disbursements):	
State Support	32,044
County Support	39,140
Debt Proceeds	47,000
Donations/Contributions	38,043
Investment Income	77
Debt Service	(82,222)
Net Non-Operating Receipts (Disbursements)	74,082
Excess (Deficiency) of Receipts Over (Under) Disbursements	(2,361)
Cash Balance, Beginning of Year	5,861
Cash Balance, End of Year	\$3,500

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

**VAN WERT COUNTY AGRICULTURAL SOCIETY
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

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 Van Wert County 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, culminating in the running of the Harvest and Peony Races. Van Wert County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen 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 8 and 9, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

B. Basis of Accounting

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

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

C. Cash and Investments

The Society's cash deposits are valued at cost.

D. Property, Plant, and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include 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.

**VAN WERT COUNTY AGRICULTURAL SOCIETY
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$5,503	\$3,500

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance.

**VAN WERT COUNTY AGRICULTURAL SOCIETY
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

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, 2006 and 2005 was \$22,704 and \$25,304, 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.

	2006	2005
Total Amount Bet (Handle)	\$110,434	\$103,604
Less: Payoff to Bettors	88,037	82,455
Parimutuel Wagering Commission	22,397	21,149
Tote Service Commission	(10,247)	(9,703)
State Tax	(3,063)	(2,842)
Society Portion	<u>\$9,087</u>	<u>\$8,604</u>

4. DEBT

Debt outstanding at November 30, 2006, was as follows:

	Principal	Interest Rate
Consolidation Loan	\$313,499	6.00%
Line of Credit	40,000	9.25%
John Deere Chopper Loan	900	4.75%
Billboard Sign Loan	33,428	7.00%
County Loan	26,000	0.00%
Total	<u>\$413,827</u>	

The Consolidation Loan was issued to pay-off the real estate loans for the horse barn, Administrative building roof, restroom repair/construction, and the operating cost/loss. The loan was entered into on June 19, 2003, and matures November 1, 2023, with an interest rate of 6.00%.

The promissory note issued on February 27, 2002, for the purchase of a John Deere chopper at an interest rate of 4.75%. The loan matures February 15, 2007.

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 made no payment in 2004 or 2005. A payment of \$5,000 was made in fiscal year 2006.

**VAN WERT COUNTY AGRICULTURAL SOCIETY
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

4. DEBT (Continued)

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%.

The Agricultural Society has a \$40,000 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 9.25%. The entire \$40,000 of the 2006 line of credit was outstanding as of November 30, 2006. The line of credit balance is rolled-over once a year into a new line of credit.

Amortization of the above debt including interest payments are scheduled as follows:

Year ending November 30:	Consolidation Loan	Chopper Loan	Line of Credit	County Loan	Billboard Sign Loan	Total
2007	\$29,144	\$943	\$40,000	\$6,000	\$9,892	\$85,979
2008	29,144			6,000	9,892	45,036
2009	29,144			14,000	9,892	53,036
2010	29,144				9,892	39,036
2011	29,144					29,144
2012-2016	145,720					145,720
2017-2021	145,720					145,720
2022-2023	58,288					58,288
Total	<u>\$495,448</u>	<u>\$943</u>	<u>\$40,000</u>	<u>\$26,000</u>	<u>\$39,568</u>	<u>\$601,959</u>

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. General liability and vehicle coverage is provided by an Acord Insurance Company. The total coverage for Van Wert County is \$43,205,570. The Agricultural Society's coverage is approximately \$5,481,000. The Society's Secretary-Treasurer is bonded for performance with coverage of \$50,000. The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2007.

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 2006 and 2005, for \$9,252 and \$13,042, respectively.

The Society hired Heidi Emans, daughter of Secretary/Treasurer/Board Member, Paul Oeschle, for office, ground maintenance, and cleaning services. The Society paid \$7,776 and \$4,481 in fiscal year 2006 and 2005, respectively, for this employee.

**VAN WERT COUNTY AGRICULTURAL SOCIETY
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

7. SUBSEQUENT EVENTS

The Society retired the consolidation loan listed above in Note 4 and entered into a new loan with a local institution for \$450,000. The new consolidation loan was issued to pay-off the previous real estate loans for the horse barn, administrative building roof, restroom repair/construction, and cover previous operating losses. The loan was entered into on March 7, 2007 and matures March 7, 2027, with an interest rate of 7.25%.

The Society also established a \$50,000 line of credit with a local institution on March 7, 2007, for expenditures during the 2007 Van Wert County Fair. The balance of line of credit is due each year and is renewable on an annual basis with an interest rate of 7.75%.

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 Van Wert County Fair. The Society disbursed \$23,917 in fiscal year 2006 and \$24,608 in fiscal year 2005 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 financial activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$1,766	\$812
Receipts	5,838	6,122
Disbursements	(5,233)	(5,168)
Ending Cash Balance	\$2,371	\$1,766

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 Van Wert County's auction. Monies to cover the cost of the auction are generated through a 25% commission on the gross sales and are retained by the Junior Livestock Committee. The accompanying financial statement do not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2006 and November 30, 2005 follows:

	2006	2005
Beginning Cash Balance	\$2,082	\$1,838
Receipts	9,148	11,799
Disbursements	(5,072)	(11,555)
Ending Cash Balance	\$6,158	\$2,082

**VAN WERT COUNTY AGRICULTURAL SOCIETY
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

10. GOING CONCERN

As of November 30, 2006, the Society was unable to meet \$129,000 of the expenditure obligations incurred during the preceding year. The Society consolidated an existing loan and borrowed an additional \$136,500 on March 7, 2007, to service the 2006 expenditure obligations. The \$450,000 loan was obtained at the lowest possible rate and the repayment is over an extended period.

In an attempt to make operations more profitable the Society switched banks in fiscal 2007 to get a lower interest rate, put additional procedures in place regarding building rentals, raised fair admission fees, and cut the advertising budget for the fair.



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*

Van Wert County 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, 2006 and 2005, and have issued our report thereon dated August 6, 2007, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Society's cash position as of November 30, 2006, was insufficient to allow them to pay all expenses that occurred in the preceding year. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Society's management dated August 6, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2006-001 through 2006-003. In a separate letter to the Society's management dated August 6, 2007, we reported other matters related to noncompliance we deemed immaterial.

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Van Wert County Agricultural Society
Van Wert County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. It is not intended for anyone 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

August 6, 2007

**VAN WERT COUNTY AGRICULTURAL SOCIETY
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Finding For Recovery – Repaid Under Audit:

Van Wert County 2006 Fair Book page 55 states that Running Race Winners receive an additional PLUS MONEY of \$400 from the Ohio Thoroughbred Fund if the thoroughbred is a Registered Ohio Foal. A Registered Ohio Foal is a horse registered following the rules of the Ohio State Racing Commission. The Ohio Thoroughbred Fund awarded the Van Wert County Agricultural Society \$400 for the PLUS MONEY for the winning Registered Ohio Foal.

Per a check issued to Harold Bragg on November 15, 2006, the Van Wert County Agricultural Society paid \$500 for the PLUS MONEY owed for having a Registered Ohio Foal winner in race #6 on September 4, 2006. This payment exceeded the PLUS MONEY owed by \$100.

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 Harold Bragg, Paul Oechsle, Van Wert County Agricultural Society Secretary/Treasurer, and Van Wert County Agricultural Society Board of Directors President Tom Osting, jointly and severally, in the amount of \$100 in favor of the Society's General Fund.

The finding was repaid under audit by Harold Bragg in the amount of \$100 on July 18, 2007, on Society Receipt No. 20067.

FINDING NUMBER 2006-002

Finding For Recovery – Repaid Under Audit:

Van Wert County 2006 Fair Book page 55 states that Running Race Winners receive an additional PLUS MONEY of \$400 from the Ohio Thoroughbred Fund if the thoroughbred is a Registered Ohio Foal. A Registered Ohio Foal is a horse registered following the rules of the Ohio State Racing Commission. The Ohio Thoroughbred Fund awarded the Van Wert County Agricultural Society \$400 for the PLUS MONEY for the winning Registered Ohio Foal.

Per a check issued to Reed Gross on November 15, 2006, the Van Wert County Agricultural Society paid \$500 for the PLUS MONEY owed for having a Registered Ohio Foal winner in race #8 on September 4, 2006. This payment exceeded the PLUS MONEY owed by \$100.

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 Reed Gross, Paul Oechsle, Van Wert County Agricultural Society Secretary/Treasurer, and Van Wert County Agricultural Society Board of Directors President Tom Osting, jointly and severally, in the amount of \$100 in favor of the Society's General Fund.

The finding was repaid under audit by Reed Gross in the amount of \$100 on August 3, 2007, on Society Receipt No. 20143.

FINDING NUMBER 2006-003

Material Noncompliance:

Ohio Rev. Code Section 1711.13(B) states that Agricultural Society's 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 shall not exceed an amount equal to twenty-five per cent of its annual revenues.

The Board had total net indebtedness of \$413,827 as of November 30, 2006, and \$382,299 as of November 30, 2005. The debt exceeded 25% of the Society's annual revenues by \$190,962 for 2006 and \$169,383, for 2005.

The Society's Board of Directors should review the debt limitation requirements in Ohio Revised Code Section 1711.13 before entering into any new debt agreements.

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



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
SEPTEMBER 6, 2007**