



Mary Taylor, CPA
Auditor of State

CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY

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Mary Taylor, CPA
Auditor of State

Champaign County Agricultural Society
Champaign County
384 Park Avenue
P.O. Box 38157
Urbana, Ohio 43078

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

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Auditor of State

April 29, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Champaign County Agricultural Society
Champaign County
384 Park Avenue
P.O. Box 38157
Urbana, Ohio 43078

To the Board of Directors:

We have audited the accompanying financial statements of the Champaign County Agricultural Society, Champaign County, (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.

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. 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 April 19, 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Champaign County Agricultural Society, Champaign County, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 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.

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

Mary Taylor, CPA
Auditor of State

April 29, 2010

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED NOVEMBER 30, 2009 AND 2008**

	2009	2008
Operating Receipts:		
Admissions	\$431,903	\$421,790
Privilege Fees	77,308	77,174
Rentals	181,939	196,335
Sustaining and Entry Fees	59,220	59,930
Parimutuel Wagering Commission	15,351	15,688
Other Operating Receipts	83,254	52,526
Total Operating Receipts	848,975	823,443
Operating Disbursements:		
Wages and Benefits	96,027	80,412
Utilities	106,534	102,748
Professional Services	126,687	145,859
Equipment and Grounds Maintenance	476,365	186,477
Race Purse	94,782	97,505
Senior Fair	58,787	59,895
Junior Fair	37,051	42,841
Capital Outlay	29,122	39,704
Other Operating Disbursements	129,173	138,600
Total Operating Disbursements	1,154,528	894,041
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(305,553)	(70,598)
Non-Operating Receipts (Disbursements):		
State Support	23,704	26,148
County Support	3,300	31,408
Debt Proceeds	360,000	133,327
Donations/Contributions	292,941	70,214
Investment Income	3,311	487
Debt Service	(349,078)	(166,215)
Net Non-Operating Receipts (Disbursements)	334,178	95,369
Excess (Deficiency) of Receipts Over (Under) Disbursements	28,625	24,771
Cash Balance, Beginning of Year	126,393	101,622
Cash Balance, End of Year	<u>\$155,018</u>	<u>\$126,393</u>

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

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**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**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 the Champaign County Agricultural Society, Champaign 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 1841 to operate an annual agricultural fair. The Society sponsors the week-long Champaign County Fair during August. During the fair, harness races are held. Champaign County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 26 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Champaign 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 flea markets. The reporting entity does not include any other activities or entities of Champaign County, Ohio.

Notes 6 and 7, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

B. Accounting Basis

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

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

C. Deposits and Investments

The Society's funds are maintained in checking and savings accounts. The Society has no investments.

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.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

**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

Stake races are held during the Champaign 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.

1. Sustaining and Entry Fees

Horse owners and 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.

2. 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. CASH

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

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$155,018</u>	<u>\$126,393</u>

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

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

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

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, 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 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.

	2009	2008
Total Amount Bet (Handle)	\$75,775	\$77,020
Less: Payoff to Bettors	(60,424)	(61,332)
Parimutuel Wagering Commission	15,351	15,688
Tote Service Commission	(6,950)	(7,052)
State Tax	(2,089)	(2,189)
Society Portion	\$ 6,312	\$ 6,447

4. DEBT

Debt outstanding at November 30, 2009 was as follows:

	Principal	Interest Rate
Wardell Land/Horse Barn/Grandstand	\$300,000	6.00%
Swine Building Renovation	44,879	7.00%
Horse Arena	8,409	7.00%
Kubota Tractor	16,033	7.00%
Goat Pens	7,317	6.875%
Total	\$376,638	

A. Loans

The Society entered into a note for \$300,000 with Perpetual Federal Savings Bank on June 12, 2009 at 6% interest rate. This was to replace two previous notes for the Wardell Farm and the Horse Barn and included an amount of \$105,000 for grandstands renovations. The loan will mature on June 12, 2019.

The Society entered into a note for \$77,450 with Perpetual Federal Savings Bank on June 18, 2008 at 7% interest rate. This was to refinance a line of credit with a balance of \$38,641 and included an amount of \$57,500 to make improvements to the swine barn and show arena. The loan will mature on June 18, 2018.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

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

4. DEBT (Continued)

The Society entered into the \$25,000 Kubota Tractor note in January 2007 with Perpetual Federal Savings bank to purchase a tractor. The loan bears an interest rate of 7% and matures January 4, 2012.

The Society entered into a note for \$12,000 with Perpetual Federal Savings Bank on June 18, 2008 at 6.875% interest rate. This was to replace the previous goat pen loan of \$6,964 and included an amount of \$5,576 to purchase additional pens. The loan will mature on June 1, 2018.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Grandstand	Swine Building	Tractor	Goat Pens	Interest	Total
2010	\$ 30,000	\$ 4,987	\$ 4,975	\$ 1,200	\$ 22,767	\$ 63,929
2011	30,000	4,987	5,322	1,200	20,187	61,696
2012	30,000	4,987	5,736	1,200	17,584	59,507
2013	30,000	4,987		1,200	14,950	51,137
2014	30,000	4,987		1,200	12,718	48,905
2015-2019	150,000	19,944		1,317	29,689	200,950
Total	<u>\$300,000</u>	<u>\$44,879</u>	<u>\$16,033</u>	<u>\$7,317</u>	<u>\$117,895</u>	<u>\$486,124</u>

B. Line of Credit

On May 23, 2001, a line of credit was established for \$120,000 at 5.25% interest for the completion of the horse arena. At November 30, 2009, the balance of the letter was \$8,409. Repayment is in the amount of \$12,000 plus interest on an annual basis. The line of credit matures on May 23, 2011.

5. RISK MANAGEMENT

The Champaign County Commissioners provide general insurance coverage for all the buildings on the Champaign 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 \$500,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$13,500. The Society's management is bonded with coverage of \$1,000,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2010.

6. 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 Champaign County Fair. The Society disbursed \$37,051 and \$42,841 in 2009 and 2008, respectively, 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.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

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

6. JUNIOR FAIR BOARD (Continued)

The Junior Fair Board's financial activity for the years ended November 30, 2009 and 2008 follows:

	2009	2008
Beginning Cash Balance	\$1,207	\$ 650
Receipts	1,091	795
Disbursements	(675)	(238)
Ending Cash Balance	\$1,623	\$1,207

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 Champaign County's auction. A commission on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2009 and 2008 follows:

	2009	2008
Beginning Cash Balance	\$17,249	\$ 7,462
Receipts	415,013	468,401
Disbursements	(430,108)	(458,614)
Ending Cash Balance	\$ 2,154	\$17,249

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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*

Champaign County Agricultural Society
Champaign County
384 Park Avenue
P.O. Box 38157
Urbana, Ohio 43078

To the Board of Directors:

We have audited the financial statements of the Champaign County Agricultural Society, Champaign County, (the Society) as of and for the years ended November 30, 2009 and 2008, and have issued our report thereon dated April 29, 2010, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider findings 2009-001 through 2009-006 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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.

**Internal Control over Financial Reporting
(Continued)**

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. Of the significant deficiencies described above, we believe finding 2009-001 through 2009-003 are also material weaknesses.

We also noted certain matters that we reported to the Society's management in a separate letter dated April 29, 2010.

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 matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-007.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Society's management in a separate letter dated April 29, 2010.

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 and Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 29, 2010

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness

Accounting Records and Annual Report

The annual financial statements report the financial activity and condition of the Society for the year, so due care should be given to provide an accurate outlook. The financial statements and notes to the financial statements contained the following errors:

- Equipment was posted as an asset in the ledgers and was not included on the financial statements as an expenditure amounting to \$419 in 2008 and \$11,870 in 2009;
- Expenditures and revenues on the annual report did not agree with the ledgers;
- Revenue variances of \$5,248 in 2008 and \$11,033 in 2009, Expenditure variances of \$3,591 in 2008 and \$980 in 2009 were noted between the ledgers and annual reports;
- Debt proceeds of \$133,327 in 2008 and \$360,000 in 2009 and principal payments of \$145,195 in 2008 and \$328,503 in 2009 were excluded from the financial statements;
- Fair Sales Account activity was comingled with general fair activity; (the Fair Sales Account activity is shown in a note to the financial statement);
- Beginning cash balances did not agree to the prior year ending cash balances by \$12,022 in 2008 and \$25,257 in 2009;
- Debt note was inaccurate and incomplete.

The financial statements and notes required audit adjustments to accurately reflect the financial activity of the Society during 2008 and 2009.

When completing the financial statements the treasurer should:

- Utilize the cash basis ledgers
- Include all equipment expenditures, debt proceeds, and principal payments
- Maintain separate records for the Fair Sales Account and General Account rather than comingling the activities and present the Fair Sales Account in the notes only;
- Ensure all debt issues and payments are included in the notes to the financial statements;

In addition, the Treasurer should reconcile the annual report with the revenue and expenditure ledgers. These procedures will help ensure accurate financial reporting and accountability.

Officials' Response:

Due care and process will be taken to assure correct financial reporting.

FINDING NUMBER 2009-002

Material Weakness

Bank Reconciliations

The Society had two checking accounts and several savings accounts. The Treasurer performed bank reconciliations throughout the period for both checking accounts separately by using the Quickbooks system. A total reconciliation for all accounts was not completed and did not include the savings accounts. Review of bank reconciliations noted the following issues:

- Manual checks were written and posted up to two weeks later;
- Check 17650 for \$487 was written and cleared the bank in November 2009, but was not posted to the books until December 12, 2009;
- Checks were not written in sequential order;
- Outstanding checks amounting to \$470 over one year old were written off after closing the books for the fiscal year;
- End-of-month reconciliations included the next month's deposits-in-transit of \$5,680 and outstanding checks of \$578;
- Savings accounts for 2008 were not kept up-to-date to include all loan payments and deposits resulting in a variance \$14,214
- Deposits were not always posted on a timely basis including a \$2,338 deposit made on November 17, 2008 but not posted until December 4, 2008;

Inaccurate bank reconciliations caused financial reporting misstatements and weak cash controls over the Society's funds. The Society should implement the following policies and procedures to improve the reconciliation process:

- Perform a total cash balance reconciliation that includes all checking and savings accounts;
- Write-off long-outstanding reconciling items such as checks before fiscal year-end;
- Post all checks at the time they are written and deposits when they are made;
- Enter accurate information to reconcile the accounts;
- Write checks in sequential order;
- Reconcile to the end of the month not to the date reconciling.

These procedures will help improve the accuracy of cash balances and financial reporting with respect to revenues, expenses, and cash balances reported throughout the year as well as at year-end. In addition, the Board should review and approve the bank reconciliations.

Officials' Response:

Procedures will be improved for accurate reconciliations and reporting.

FINDING NUMBER 2009-003

Material Weakness

Debt Transactions

The Society has the ability to secure loans and lines of credit. The Society obtained loans during the audit period and did not properly account for the loan proceeds as revenue. This resulted in un-posted proceeds of \$133,327 in 2008 and \$360,000 in 2009. When loan proceeds are received, the Treasurer should record the receipt as loan proceeds in order to properly present the revenue received. The Society appropriately disbursed funds to pay obligations with regards to its loans during the audit period and posted the disbursements to the ledgers; however, the amounts were not correctly presented on to the annual reports. The Treasurer should review the ledgers and annual report to assure amounts are properly recorded and presented. These procedures will improve financial accountability and reporting.

In addition, the Society has several debt obligations with the payments for the principal and interest being disbursed from several accounts. The Treasurer maintained records on each separate debt obligation, but not the total liabilities. This resulted in incorrect debt payments being presented on the statements in the amount of \$145,195 in 2008 and \$328,503 in 2009 as well as outstanding obligations in the financial statement notes. To adequately assess the Society's liabilities, the Treasurer should maintain a manual schedule of all debt that outlines balances, principal and interest payments.

Officials' Response:

The loan receipts and disbursements will be properly reported on future annual reports.

FINDING NUMBER 2009-004

Significant Deficiency

Ticket Accountability Procedures

The Society collected cash for admission into the fair and grandstand events. Admission revenue was a significant account for the Society as it represented more than fifty percent of operating receipts. Review of grandstand and fair admissions indicated the following deficiencies:

- A Ticket Accountability Form was not completed;
- Ticket sales were not reconciled;
- Tickets sold were calculated by the amount of money collected;
- Ticket sellers did not sign forms when collecting the tickets and change fund;

In addition, personnel recording shortages/overages did not document reasons for the discrepancy even when the amounts varied from (\$6,326) to \$6,518 a day per gate. In 2009, seven out of eight days total daily receipts had shortages over \$500.

The lack of accountability could lead to missing funds and materially misstated financial statements. The Board of Directors should adopt collection procedures that include the following:

- Ticket accountability forms should be used and completed for all admissions including:
 - a. Seller should sign when cash fund is collected indicating amount received
 - b. Seller should count money at the end of the day and sign the form indicating the amount returned
- Tickets sold should be reconciled to cash collected
- Overages and shortages should be noted and initialed with an explanation for any unusual discrepancies

**FINDING NUMBER 2009-004
(Continued)**

The Treasurer should review and approve all ticket accountability forms, reconciliations, and overages/shortages to determine if any funds are missing. If unusual variances are noted, the Board should determine appropriate measures to be taken.

The above procedures will help strengthen internal accounting controls, reduce errors, and provide adequate documentation for financial statement presentation. The Board should review admission reconciliations to provide additional control and assurance over these receipts.

Officials' Response:

The Board will review and update procedures in collection of admission for the fair and grandstand events. The society will make every effort to track tickets sales more efficiently.

FINDING NUMBER 2009-005

Significant Deficiency

Authorization and Accounting of Privilege Fee Contracts

The Society entered into agreements with vendors to receive fees for the rent of space at the merchant building and other locations for fair week. The following issues were identified during testing:

- The contracts were marked paid but the date, amount and/or receipt number was not always included on the contract;
- Concessions contracts were not pre-numbered and a master list was not maintained making it difficult to determine who were paid and which were outstanding;
- Two vendors paid in 2009 but the contract was not marked paid.

The above issues demonstrate a lack of authorization procedures implemented over the recording of privilege fees, afford opportunities for fraud and misstatement of revenues, and did not provide for proper tracking of reported revenues.

We recommend the Society implement the following steps to improve accountability of these contracts and receipts:

- Maintain a master list of all contracts and mark as vendors pay;
- Each vendor's contract should be marked paid and include:
 - a. Date Paid
 - b. Receipt Number
 - c. Amount
 - d. Form of Receipt (i.e., cash/check)

Officials' Response:

The society will improve the procedures and controls to accurately document the privilege contracts.

FINDING NUMBER 2009-006

Significant Deficiency

Rental Contracts

The Society received revenue from various vendors for rentals of buildings, grounds, arenas, camping areas, etc. The Society completed rental contracts with the vendors describing the rental agreement issues including the type of rental and fee. The following deficiencies were noted:

- Contracts were not marked paid
- Contracts did not include date, amount paid, or receipt number;
- A receipt amount and amount posted to the ledgers in 2008 was different from the amount marked on one contract
- The contract log was not kept current
- Contract numbers were blank that actually had a paid contract
- The Board President's commission checks for 2008 and one in 2009 did not have detail support documentation attached.

The above issues demonstrate a lack of authorization procedures implemented over the recording of rental revenue, afford opportunities for fraud, misstatement of revenue, and did not allow for proper tracking of reported revenue. In addition, the President received compensation based on a percentage of rental income collected for his duties involved with the rental contracts and the above weaknesses could lead to the Board President being paid incorrectly.

The following procedures should be established to improve accountability of the contracts, receipts, and related compensation:

- The contract log should be kept up-to-date;
- Rental contracts should be marked paid and include the following:
 - a. Amount Paid
 - b. Date
 - c. Receipt Number
 - d. Type of Payment (i.e., cash/check)
- Due care should be used when posting to the revenue ledger to verify that revenue is posted to the correct revenue account;
- Commission calculation should include detail support documentation;
- Treasurer should reconcile the rental income per the ledger to the contracts before paying the Board President's commission.

Officials' Response:

The society will review and update procedures in regards to the rental contract process.

FINDING NUMBER 2009-007

Noncompliance Citation

Ohio Rev. Code Section 1711.13(B) states agricultural societies may enter into agreements to obtain loans and credit for expenses related to the purposes of the county agricultural society; however, the total net indebtedness incurred by a county agricultural society pursuant to this division (B) shall not exceed an amount equal to twenty-five percent of its annual revenues. The Society's loans and credit exceeded 40% of the annual revenues in 2008. To prevent future noncompliance and help assure timely extinguishment of debt, the Society should comply with the provisions of the above code section and monitor its outstanding loans and credit debt percentage in relation to total annual revenues.

Officials' Response:

No response was received.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY
CHAMPAIGN COUNTY**

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

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	Finding for recovery	Yes	
2007-002	ORC Section 149.351 failure to maintain records	Yes	
2007-003	Rental Revenue – incomplete records resulting in qualified opinion	No	Partially Corrected; See Finding 2009-006
2007-004	Weak controls over payments to exhibitors	Yes	
2007-005	Inaccurate bank reconciliations	No	See Finding 2009-002
2007-006	Admission ticket reconciliations not maintained accurately	No	Partially Corrected; See Finding 2009-004
2007-007	Lack of authorization and accounting for privilege fee contracts	No	Partially Corrected; See Finding 2009-005



Mary Taylor, CPA
Auditor of State

CHAMPAIGN COUNTY AGRICULTURAL SOCIETY

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 27, 2010**