



Dave Yost • Auditor of State



CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - For the Years Ended November 30, 2011 and 2010 .....	5
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
Schedule of Prior Audit Findings.....	19

**This page intentionally left blank.**



# Dave Yost • 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.

A handwritten signature in cursive script that reads "Dave Yost".

**Dave Yost**  
Auditor of State

April 6, 2012

**This page intentionally left blank.**



# Dave Yost • 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 Champaign County Agricultural Society, Champaign 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.

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 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, 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 the Champaign County Agricultural Society, Champaign County, and its 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 April 6, 2012, 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

April 6, 2012

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

	<b>2011</b>	<b>2010</b>
<b>Operating Receipts:</b>		
Admissions	\$457,208	\$413,607
Privilege Fees	81,844	84,708
Rentals	171,058	160,186
Sustaining and Entry Fees	33,130	49,240
Parimutuel Wagering Commission	4,682	5,092
Other Operating Receipts	81,128	125,164
Total Operating Receipts	829,050	837,997
 <b>Operating Disbursements:</b>		
Wages and Benefits	96,825	99,327
Utilities	137,380	127,824
Professional Services	137,193	136,957
Equipment and Grounds Maintenance	208,393	256,296
Race Purse	63,057	100,587
Senior Fair	60,580	62,980
Junior Fair	46,574	48,266
Capital Outlay	8,397	7,382
Other Operating Disbursements	129,357	100,104
Total Operating Disbursements	887,756	939,723
 (Deficiency) of Operating Receipts (Under) Operating Disbursements	(58,706)	(101,726)
 <b>Non-Operating Receipts (Disbursements):</b>		
State Support	19,524	20,454
County Support	18,060	23,324
Debt Proceeds		4,311
Donations/Contributions	85,353	96,311
Investment Income	202	143
Debt Service	(84,877)	(71,904)
Net Non-Operating Receipts (Disbursements)	38,262	72,639
 (Deficiency) of Receipts (Under) Disbursements	(20,444)	(29,087)
 Cash Balances, Beginning of Year	125,931	155,018
 Cash Balances, End of Year	<u>\$105,487</u>	<u>\$125,931</u>

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

**This page intentionally left blank.**

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN 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 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. 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, 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 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 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.

**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.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

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

**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. DEPOSITS AND INVESTMENTS**

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

	<u>2011</u>	<u>2010</u>
Demand deposits	\$105,487	\$125,931

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

**3. HORSE RACING**

**A. State Support Portion of Purse**

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2011 and 2010 was \$19,524 and \$20,454 as State Support.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

**3. HORSE RACING (Continued)**

**B. 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.

	<b>2011</b>	<b>2010</b>
Total Amount Bet (Handle)	\$56,834	\$61,900
Less: Payoff to Bettors	(45,255)	(49,355)
Parimutuel Wagering Commission	11,579	12,545
Tote Service Commission	(5,279)	(5,742)
State Tax	(1,617)	(1,710)
Society Portion	\$ 4,683	\$ 5,093

**4. DEBT**

Debt outstanding at November 30, 2011 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Wardell Land/Grandstand/Horse Barn	\$240,000	6.00%
Swine Building Renovation	23,353	7.00%
Kubota Tractor	5,741	7.00%
Goat Pens	1,927	6.87%
Total	\$271,021	

The Society entered into a \$134,275 Wardell Farm Land loan in 1996 with Citizen's National Bank for purchasing farm land and refinanced on the \$101,000 loan February 27, 2004 with Perpetual Federal Savings Bank. On June 12, 2009, the Society refinanced the Wardell Loan and the Horse Barn Loan and Grandstand Renovations for at total of \$300,000. The loan bears an interest rate of 6.00% and matures on June 12, 2019.

The Society entered into a \$77,450 Swine Loan on June 18, 2008 with Perpetual Federal Savings Bank at a rate of 7.00%. This loan was used to pay-off the previous swine building loan and to make improvements the swine barn and show arena. The loan will mature on June 18, 2018.

In 2010, the Society entered into a \$8,000 loan with Perpetual Federal Savings Bank at a rate of 6% for six years. The loan was for a poultry barn addition. The principal was paid by the Poultry Advisors. The Society paid the interest portion only. The loan will mature on October 31, 2015.

The Society entered into an amount of \$12,000 for the Goat Barn and pens on June 18, 2008 with Perpetual Federal Savings Bank at a rate of 6.87%. This loan was used to pay-off the previous Goat Pen loan and to obtain an additional amount to purchase more pens. The loan will mature on June 1, 2018.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

**4. DEBT (Continued)**

Amortization of the above debt is scheduled as follows:

<b>Year ending November 30:</b>	<b>Tractor Note</b>	<b>Grandstand Loan</b>	<b>Goat Pens</b>	<b>Swine Loan</b>	<b>Interest</b>	<b>Total</b>
2012	\$5,741	\$ 30,000	\$ 193	\$ 2,335	\$16,889	\$ 55,158
2013		30,000	173	2,102	14,430	46,705
2014		30,000	156	1,892	12,391	44,439
2015		30,000	140	1,702	10,368	42,210
2016		30,000	127	1,532	8,359	40,018
2017-2021		90,000	1,138	13,790	12,783	117,711
Total	<u>\$5,741</u>	<u>\$240,000</u>	<u>\$1,927</u>	<u>\$23,353</u>	<u>\$75,220</u>	<u>\$346,241</u>

**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. The Society's treasurer is bonded with coverage of \$10,000.

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 \$46,574 and \$48,266 in 2011 and 2010, 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. The Junior Fair Board's financial activity for the years ended November 30, 2011, and 2010 follows:

	<b>2011</b>	<b>2010</b>
Beginning Cash Balance	\$2,117	\$1,625
Receipts	506	508
Disbursements	(700)	(16)
Ending Cash Balance	<u>\$1,923</u>	<u>\$2,117</u>

**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, 2011 and 2010 follows:

CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY

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

7. JUNIOR LIVESTOCK SALE COMMITTEE (Continued)

	<u>2011</u>	<u>2010</u>
Beginning Cash Balance	\$18,344	\$ 2,154
Receipts	523,804	432,931
Disbursements	<u>(528,264)</u>	<u>(416,741)</u>
Ending Cash Balance	<u>\$13,884</u>	<u>\$18,344</u>

**This page intentionally left blank.**



# 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

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 Champaign County Agricultural Society, Champaign County, (the Society) as of and for the years ended November 30, 2011 and 2010, and have issued our report thereon dated April 6, 2012. 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.

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

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-02, 2011-03 and 2011-06 to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider findings 2011-004 and 2011-005 described in the accompanying schedule of findings to be significant deficiencies.

### **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 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated April 6, 2012.

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



**Dave Yost**  
Auditor of State

April 6, 2012

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2011-01**

**NONCOMPLIANCE**

**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 exceeded 29% of the annual revenues in Fiscal Year 2011 and 34% in Fiscal Year 2010. 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 loan debt percentage in relation to total annual revenues.

**Official's Response:** No response was received.

**FINDING NUMBER 2011-02**

**MATERIAL WEAKNESS - Annual Report Presentation**

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 presentation. The financial statements and notes to the financial statements contained the following errors:

- Expenditures and revenues on the annual report did not agree with the detailed ledgers;
- Revenue variances of \$10,137 in 2010 and \$4,659 in 2011, expenditure variances of \$4,612 in 2010 and \$9,833 in 2011 were noted between the ledgers and annual reports;
- Debt proceeds and payments of \$4,311 in 2010 were excluded from the financial statements;
- Fair Sales Account activity was comingled with general fair activity; (the Fair Sales Account activity was shown in a note to the financial statement);
- Beginning cash balance on December 1, 2009, different from the prior year's audited ending cash balances by \$2,154;
- Annual report did not foot in some instances;
- Debt note disclosure was inaccurate and incomplete;
- Racing note disclosure was inaccurate.

The financial statements and notes were adjusted to accurately reflect the financial activity of the Society during 2010 and 2011. The books of the entity were also adjusted accordingly.

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;
- Verify the racing support from Racing Technologies to the notes to the financial statements;

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

In addition, the Treasurer should reconcile the annual report with the revenue and expenditure ledgers.

These procedures should be implemented to improve the accuracy and reliability of financial reporting and accountability.

**Official's Response:** More due diligence will be taken.

**FINDING NUMBER 2011-03**

**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 2010 bank reconciliations noted the following issues:

- The Scholarship saving account balance was not included in the reconciliation. The November 30, 2010 balance was \$24,057.
- The general checking account #25062 was understated on the bank reconciliation by \$1,504.
- The fair sale's checking account's reconciled balance of \$18,344 had to be removed from the Society's bank balance (as this was not part of the Society's funds).

Review of 2011 bank reconciliations noted the following issues in 2011:

- The savings accounts were overstated in total by \$895 on the bank reconciliation.
- The general checking account #25062 was overstated on the bank reconciliation by \$165.
- The fair's sale checking account's reconciled balance of \$13,884 had to be removed from the Society's bank balance (as this was not part of the Society's funds).

These adjustments were made to the Society's ledger totals in order to arrive at the proper financial statement presentation. The Society agreed to all adjustments.

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

- Perform a total cash balance reconciliation that includes all checking and savings accounts;
- Exclude the fair's sale checking from the Society's bank reconciliation;
- Verify proper bank balances during the reconciliation process to avoid understatements or overstatements.

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.

**Official's Response:** All accounts will be included in the future, with the exception of the fair sale account.

#### **FINDING NUMBER 2011-04**

##### **SIGNIFICANT DEFICIENCY - Documentation for Donations**

The Society received many donations from a number of sources in 2010 and 2011, including significant cash donations received for a Memorial Scholarship. On July 1, 2010, the Society received \$4,290 as a donation from the family of the scholarship honoree and on June 15, 2011, the Society received \$31,616 from multiple donors to support the scholarship. There was no written record of the individual scholarship donors and their amounts. Also, there were numerous other donations which were not properly acknowledged by the Board in its record of proceedings (minutes of the Board meetings).

The Board should require a listing of donors and amounts to be presented for review. Upon review, the Board should acknowledge the donations in the record of the proceedings. Also, a potential risk of theft and lack of completeness exists when cash receipts are involved. The Board should implement procedures for the receipt of cash donations to assure proper completeness and document acceptance through formal acknowledgement.

**Official's Response:** A more detailed effort will be taken to account for future donations.

#### **FINDING NUMBER 2011-05**

##### **SIGNIFICANT DEFICIENCY - Admissions Revenue**

The Society collected cash for admission into the fair and grandstand events. Admission revenue was a significant account as it represented fifty five percent of the total operating revenue in fiscal year 2011 and forty nine percent in fiscal year 2010. Review of grandstand and fair admissions revenue indicated the following deficiencies;

- Ticket Accountability sheets were not completed,
- Ticket sales were not reconciled with cash collected,
- Ticket sellers did not sign any forms or were not otherwise held accountable for ticket sales and cash collections,
- Grandstand admissions were computed by subtracting ending cash balances from beginning cash balances with no compensating controls to assure completeness.

Management did track admission shortages and overages by ticket usage (per day/per gate) which netted to one and one half percent shortage; however, there were no policies or procedures in place to instruct gate sales personnel on the methods to use to assure complete and accurate collections or otherwise to hold these personnel accountable for any significant shortages.

The lack of adequate record keeping of admissions revenue could lead to undetected errors or irregularities within the normal course of business.

The Board of Directors should adopt and implement collection procedures that include the following:

- ticket accountability forms with those selling tickets and collecting cash required to sign
- tickets sold should be reconciled to cash
- discrepancies should be explained

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.

**FINDING NUMBER 2011-005  
(Continued)**

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.

**Official's Response:**

The Society is in the process of investigation option to resolve this issue.

**FINDING NUMBER 2011-06**

**MATERIAL WEAKNESS - Loan Proceeds**

The Society and two organizations housed in the Society buildings obtained loans during the period but did not properly account for the loan proceeds. An \$8,000 loan was obtained in 2010 for a chicken barn construction project which was not recorded on the books of the Society, and in 2010 and 2011 \$60,000 loans were obtained for livestock sales events that were included on the books as receipts and expenditures. In both cases, it was not clearly established whether the debt of these activities should be recorded on the books of the Society or separately accounted for and not recorded on the books of the Society. Finally, principal payments of \$1,333 in 2010 and 2011 related to the \$8,000 loan were paid by an outside organization and not recorded on the books of the Society, but the interest payments were made and recorded by the Society.

The lack of clear and concise procedures for recording debt transactions could result in material misstatements to the financial statements of the Society.

The Board should adopt a policy to provide an understanding of the relationship of the Society with various organizations and define each groups' responsibilities related to debt transactions. Debt transactions should be posted to the books of the entity in accordance with this policy.

**Official's Response:** In the future, all loans that are taken out by the Agricultural Society will be recorded.

**CHAMPAIGN COUNTY AGRICULTURAL SOCIETY  
CHAMPAIGN COUNTY**

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

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>
2009-001	Accounting Records and Annual Report	No	Re-issued as Finding Number 2011-002
2009-002	Bank Reconciliations	No	Re-issued as Finding Number 2011-003
2009-003	Debt Transactions	No	Re-issued as Finding Number 2011-006
2009-004	Ticket Accountability Procedures	No	Re-issued as Finding Number 2011-005
2009-005	Authorization and Accounting of Privilege Fee Contracts	Yes	
2009-006	Rental Contracts	Yes	
2009-007	Ohio Rev. Code Section 1711.13(B) – debt percentage of revenue	No	Re-issued as Finding Number 2011-001





# Dave Yost • 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  
JUNE 12, 2012**