



Dave Yost • Auditor of State



PREBLE COUNTY AGRICULTURAL SOCIETY  
PREBLE COUNTY

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# Dave Yost • Auditor of State

Preble County Agricultural Society  
Preble County  
722 South Franklin Street  
Eaton, Ohio 45320

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 black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

August 17, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Preble County Agricultural Society  
Preble County  
722 South Franklin Street  
Eaton, Ohio 45320

To the Board of Directors:

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

Except as described in paragraph seven, 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.

The accompanying financial statements for the years ended November 30, 2011 and 2010, present unclassified receipts and disbursements. Ohio Administrative Code, Section 117-2-02(A), requires governments to classify receipt and disbursement transactions.

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 combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Society's larger (i.e. major) funds separately. While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Societies to reformat their statements. The Government 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 third 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 for the years then ended.

We were unable to obtain sufficient evidence to support the completeness of the grandstand admissions, general admissions, and class and contest fees receipts for the years ended November 31, 2011 and 2010, nor were we able to satisfy ourselves of the completeness by other auditing procedures. These receipts comprise 43 percent of total unclassified receipts in 2011 and 44 percent of total unclassified receipts in 2010.

Also, in our opinion, except for the omission of certain receipt and disbursement classifications for the years ended November 30, 2011 and 2010, as described in paragraph three, and except for such adjustments, if any, might have been determined to be necessary had we been able to obtain sufficient evidence supporting the receipts noted in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of Preble County Agricultural Society, Preble County, Ohio, as of November 30, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 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.



**Dave Yost**  
Auditor of State

August 17, 2012



**PREBLE COUNTY AGRICULTURAL SOCIETY  
PREBLE COUNTY**

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

	<u>2011</u>	<u>2010</u>
<b>Cash Receipts:</b>		
Unclassified	<u>\$674,985</u>	<u>\$672,040</u>
Total Cash Receipts	<u>674,985</u>	<u>672,040</u>
<b>Cash Disbursements:</b>		
Unclassified	<u>663,330</u>	<u>695,450</u>
Total Cash Disbursements	<u>663,330</u>	<u>695,450</u>
Total Receipts Over/ (Under) Disbursements	<u>11,655</u>	<u>(23,410)</u>
Fund Cash Balances, January 1	<u>31,080</u>	<u>54,490</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$42,735</u></u></b>	<b><u><u>\$31,080</u></u></b>

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

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**PREBLE COUNTY AGRICULTURAL SOCIETY  
PREBLE 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 Preble County Agricultural Society, Preble County, Ohio (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 April 1850 to operate an annual agricultural fair. The Society sponsors the week-long Famous Preble County Fair during July and August. During the fair, harness races are held, culminating in the running of the Speed Program. Preble County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 13 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Preble 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 a monthly flea market and cattle and sheep. The reporting entity does not include any other activities or entities of Preble County, Ohio.

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

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

**B. Accounting Basis**

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

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

**C. Deposits**

The Society maintained all funds in interest bearing checking and savings accounts. Interest earned is recognized and recorded when received.

**D. Property, Plant, and Equipment**

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**E. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses. This is included in Unclassified Cash Receipts in the accompanying financial statement.

**PREBLE COUNTY AGRICULTURAL SOCIETY  
PREBLE COUNTY**

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

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

**F. Income Tax Status**

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

**G. Race Purse**

Speed Program stake races are held during the Preble 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 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 statements report these fees in Unclassified Cash Receipts.

Ohio Fairs Fund

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

**H. Pari-mutuel Wagering**

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with 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 in Unclassified Cash Receipts. See Note 3 for additional information.

**I. 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.

**PREBLE COUNTY AGRICULTURAL SOCIETY  
PREBLE COUNTY**

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

**2. DEPOSITS**

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

	2011	2010
Demand deposits	\$42,735	\$31,080
Total deposits	\$42,735	\$31,080

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**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, 2011 and 2010 were \$8,776 and \$11,040 respectively, as State Support (in unclassified receipts).

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 the Unclassified Cash Disbursements, which are also paid from Pari-mutuel Wagering Commission, are reflected in Unclassified Cash Disbursements, and the amount remaining is the Society's net portion.

	2011	2010
Total Amount Bet (Handle)	\$ 12,894	\$ 12,943
Less: Payoff to Bettors	(10,362)	(10,209)
Parimutuel Wagering Commission	2,532	2,734
Tote Service Set Up Fee	(200)	(150)
Tote Service Commission	(1,358)	(1,295)
State Tax	(351)	(359)
Society Portion	\$ 623	\$ 930

**PREBLE COUNTY AGRICULTURAL SOCIETY  
PREBLE COUNTY**

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

**4. DEBT**

Debt outstanding at November 30, 2011 was as follows:

	Principal	Interest Rate
Fairgrounds General Obligation Bonds	\$75,000	3% to 3.75%
County Loan	52,300	0%
Total	\$127,300	

The Preble County Agricultural Society issued County Fairground General Obligation Bonds in the amount of \$200,000, dated July 1, 1996, for the purpose of refinancing the debt which was incurred to provide funds to the County Agricultural Society to acquire and construct improvements at the County Fairgrounds. The outstanding principal balance at November 30, 2003, was \$155,000. In June 2005 these bonds were refinanced. The refunded portion was \$125,000; the un-refunded portion was \$20,000. The bonds mature through December 1, 2016.

Preble County loaned the Society \$34,163 and \$18,137 on December 21, 2001 and February 2002 respectively to pay an overdue electric bill with Dayton, Power & Light. There are no set terms or a time schedule for repayment. No payments were made to Preble County for this loan during 2010 or 2011.

Amortization of the above debt is scheduled as follows:

Year ending			
November 30:	GO Bonds	Interest	Total
2012	15,000	2,693	\$17,693
2013	15,000	2,190	17,190
2014	15,000	1,666	16,666
2015	15,000		15,000
2016	15,000		15,000
Total	\$75,000	\$6,549	\$81,549

**5. RISK MANAGEMENT**

The Preble County Commissioners provide general insurance coverage for all the buildings on the Preble County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by Public Entities Pool of Ohio with limits of \$2,000,000 and no annual aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's general manager 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 November 30, 2011.

**6. CONTINGENT LIABILITIES**

The Society is defendant in a lawsuit. Although the Society's management cannot presently determine the outcome of this suit, its counsel believes their resolution will not materially adversely affect the Society's financial condition.

**PREBLE COUNTY AGRICULTURAL SOCIETY  
PREBLE COUNTY**

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

**7. RELATED PARTY TRANSACTIONS**

Three Board Members received discounts on their rental of various facility building. The discounts were \$400 off a \$500 rental, \$350 off a \$500 rental, and \$20 off a \$120 rental. These discounts were not approved by the Board.

**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 Preble County Fair. The Society disbursed \$15,213 and \$4,993 in 2010 and 2011 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 (in unclassified disbursements). Preble County paid the Society \$100 in 2010 and \$100 in 2011 to support Junior Club work. 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 year ended November 30, 2011 and 2010 follows:

	2011	2010
Beginning Cash Balance	18,228	7,901
Receipts	15,029	13,121
Disbursements	(20,866)	(2,794)
Ending Cash Balance	\$ 12,391	\$ 18,228

**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 Preble County's auction. Monies to cover the cost of the auction are generated through a per head, per group of animals (pen) commission, and are retained by the Junior Livestock Committee. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2011 and 2010 follows:

	2011	2010
Beginning Cash Balance	\$ 13,170	\$ 11,083
Receipts	342,777	297,465
Disbursements	(341,742)	(295,378)
Ending Cash Balance	\$ 14,205	\$ 13,170

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# 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*

Preble County Agricultural Society  
Preble County  
722 South Franklin Street  
Eaton, Ohio 45320

To the Board of Directors:

We have audited the financial statements of the Preble County Agricultural Society, Preble County, Ohio (the Society), as of and for the years ended November 30, 2011 and 2010, and have issued our report thereon dated August 17, 2012, 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 qualified our report because the Society did not classify certain receipts and disbursements for the years ended November 30, 2011 and 2010. We also qualified our report because we were unable to obtain sufficient evidence to support the completeness of general admissions, grandstand admissions, and class and contest entry fees. Except as discussed in the preceding sentence, 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 weaknesses. 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 another deficiency we consider to be a significant deficiency.

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 entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-01 and 2011-02 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-04 described in the accompanying schedule of findings to be a significant deficiency.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2011-03.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated August 17, 2012.

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



**Dave Yost**  
Auditor of State

August 17, 2012

**PREBLE COUNTY AGRICULTURAL SOCIETY  
PREBLE 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**

**Material Weakness**

The Agricultural Society should maintain accounting records sufficient to enable management to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Society lacks management oversight over accounting and reconciliation processes, and the related financial reporting. This lack of oversight is illustrated by the following conditions:

- The Society posted transactions to an accounting system during the audit year and hired an accountant to prepare the annual financial report. The accountant prepared financial statements on an accrual basis; however the Society should present the information for audit on a cash-basis.
- Because the transaction amounts in the original financial statements presented for audit could not be verified by auditors, the Society presented unclassified cash-basis financial information for the years ending November 30, 2011 and 2010.
- The balance per the November 30, 2009 audited financial statements was \$54,490 and the December 1, 2009 balance per the Society's 2010 Annual Financial Report was \$51,465 for a variance of \$3,025.
- Total receipts and total expenditures on the 2010 annual financial report did not match the total receipts and expenditures per the Society's accounting system [receipts per the annual financial report were \$631,393; receipts per the Society's accounting system were \$672,026; expenditures per the annual financial report were \$657,883; expenditures per the Society's accounting system were \$697,379].
- Total receipts and total expenditures on the 2011 annual financial report did not match the total receipts and expenditures per the Society's accounting system [receipts per the annual financial report were \$651,096; receipts per the Society's accounting system were \$674,985; expenditures per the annual financial report were \$628,404; expenditures per the Society's accounting system were \$663,911].
- In 2010 the Society eliminated outstanding checks totaling \$1,606 that they did not account for.
- In 2011 the Society eliminated outstanding checks totaling \$581 that they did not account for.
- The Society carried items totaling \$3,772 on the 2010 and 2011 outstanding checklists that were not outstanding checks.
- The Society carried \$1,017 in voided checks on their 2010 outstanding checklist.

The Society posted the necessary adjustments to the unclassified financial statements and the Society's accounting records.

**FINDING NUMBER 2011-01  
(Continued)**

Due care should be taken in posting activity to QuickBooks. Total receipts and expenditures per the Account Quick Reports should match the activity posted on the bank statements. Completing a monthly reconciliation of activity posted would aid in detecting posting errors.

Due care should be taken in completing the annual financial reports. The receipts and expenditures as reported on the annual financial reports should match the activity posted to the Society's accounting system. The Society should adopt policies/procedures for the review of activity posted to the accounting records and reported on the annual financial reports.

**FINDING NUMBER 2011-02**

**Material Weakness**

The Agricultural Society should maintain accounting records sufficient to enable management to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code. This includes maintaining proper supporting documentation for all receipts. Failure to maintain appropriate accounting records may adversely affect the decisions of management and could result in inaccurate financial reporting.

In addition to those items noted in Finding Number 2011-01, the Society lacked proper controls over the following receipt cycles. The lack of supporting documentation resulted in a qualified opinion on the financial statements.

**Admissions:**

*General admission* - The Society did not use the Record of Attendance and Receipts reports in 2010 or 2011. The 2010 and 2011 ticket bundle documentation were commingled between the two fairs.

*Grandstand Admissions*

- The Society did not maintain seating charts for the demolition derbies in 2010 and the second demolition derby in 2011.
- In 2010, out of \$97,645 in grandstand receipts recorded by the Society we were only able to test receipts totaling \$25,546 or 26.16%. The receipts tested represented the two demolition derbies. The Society used wristbands for the other events and did not keep any documentation supporting the number of wristbands sold.
- In 2011 out of \$111,800 grandstand receipts we were only able to test receipts totaling \$22,657 or 20.26%. The receipts tested represented the two demolition derbies. The Society used wristbands for the other events and did not keep any documentation supporting the number of wristbands sold.

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

While the financial statements are unclassified, we noted that the following amounts collected for entry fees to contests were posted to admissions instead of contest entry fees in the accounting system:

Event	Year	Amount
Demolition Derby	2010	\$2,080
Tractor Pull	2010	580
Tractor Pull	2010	1,240
Tug-A-Truck	2010	1,700
Tug-A-Truck	2010	1,020
Demolition Derby	2011	1,590
Demolition Derby	2011	2,610
Tractor Pull	2011	800
Tug-A-Truck	2011	1,000
Tractor Pull	2011	1,320
Tug-A-Truck	2011	1,880

The Society should:

- adopt and implement effective control procedures over the collection of receipts;
- utilize the Record of Attendance and Receipts Report for general admission;
- use pre-numbered tickets for all events;
- maintain a ticket tally sheet for all grandstand events;
- document the beginning ticket number and ending ticket numbers sold for each event;
- keep an accurate record of all season tickets sold; and
- all receipts should be posted to the correct account.

**Class and Contest Entry Fees:**

Class entry fees - The Society could not locate the following class entry forms: 2010 Farm Products, 2011 Dairy Goats and 2011 Household Arts as noted in Finding Number 2011-03. Also, many applications were not dated which made it difficult to trace one day's entries to the posting in the system. In 2010 total receipts per the applications were \$4,607 less than the receipts posted to the system and deposited into the bank. In 2011, total receipts per the applications were \$5,529 less than the receipts posted to the system and deposited into the bank. Therefore, we were unable to assure the accuracy and completeness over open class entry fees.

Contest Entry Fees - There were variances between the actual and estimated contest entry receipts for the following events: 2010 July 31 Demo Derby, 2010 Tractor Pull, 2010 Fall Classic Tractor Pull, 2011 Tug-A-Truck and 2011 August 6 Demo Derby. Through inquiry of personnel, it was determined that a portion of entry fees was collected as admission into the fair and the remainder collected as entry into the contest. This procedure was not properly documented. Also, the amounts actually charged for all contest entry fees were not properly documented in the Fair Book.

We recommend dating and maintaining all open class entry applications. We also recommend the Society charge all entry fees according to the Fair Book. All procedures for collecting entry fees should be documented and used consistently.

### FINDING NUMBER 2011-03

#### Noncompliance

**Ohio Revised Code, Section 149.351**, establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Ohio Revised Code, Sections 149.38 to 149.42.

The Society did not present the following documents for audit (which contributed to the qualified opinion and control weaknesses noted in Finding Number 2011-02):

- 2010 Farm Products Open Class Applications
- 2011 Dairy Goat Open Class Entry Applications
- 2011 Household Art Open Class Entry Applications
- 2010 and 2011 Grandstand Admission Wristbands

Failure to maintain accounting records adversely affect management's ability to make informed decisions and increases the risk that errors, theft and fraud may occur and not be detected in a timely manner. Efforts should be made by the Society to maintain all accounting records. We recommend that a written inventory of the records noting the description and location of each record be completed.

### FINDING NUMBER 2011-04

#### Significant Deficiency

The Society Board of Directors approved a fee schedule for rentals. However, the Fair Manager approved numerous discounts during fiscal year 2010 and 2011 without Board approval. Three board members were given rental discounts totaling \$870 and other renters were also given discounts. Four discounts were noted in 2010 totaling \$1,300 and 19 in 2011 totaling \$3,700. Failure to adhere to the approved fee schedule or obtain Board approval for any modifications for renters may result in loss of rental revenues.

We recommend that any discounts to rental fees be approved by the Board.

#### Officials' Response:

We did not receive a response from Officials' to the findings above.

**PREBLE COUNTY AGRICULTURAL SOCIETY  
PREBLE COUNTY**

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

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	Ohio Admin. Code 117-2-02(A) – Maintaining Accounting Records - Bank Reconciliations, and Financial Reporting	No	Not Corrected – Repeated as Finding 2011-01
2009-002	Ohio Admin. Code 117-2-02(A) – Maintaining Accounting Records – Receipt Supporting Documentation	No	Not Corrected – Repeated as Finding 2011-02
2009-003	Approving Budgets and Encumbrance Method of Accounting	No	Partially Corrected – Repeated in the Management Letter
2009-004	Ohio Revised Code 149.351 – Destruction of Records	No	Not Corrected – Repeated as Finding 2011-03

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# Dave Yost • Auditor of State

**PREBLE COUNTY AGRICULTURAL SOCIETY**

**PREBLE 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 25, 2012**