



**Auditor of State  
Betty Montgomery**



**AGRICULTURAL SOCIETY  
ALLEN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Agricultural Society  
Allen County  
2750 Harding Highway  
Lima, Ohio 45804

To the Board of Directors:

We have audited the accompanying financial statements of the Agricultural Society, Allen County, (the Society), as of and for the years ended November 30, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Society as of November 30, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Agricultural Society  
Allen County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 26, 2004

**AGRICULTURAL SOCIETY  
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2003**

	<b>2003</b>
<b>Cash Receipts:</b>	
Admissions	\$634,717
Privilege Fees	229,678
Sales	5,041
Rentals	195,776
Racing Fees and Charges	80,429
Parimutuel Wagering Commission	11,923
Utilities	35,320
Fees	33,773
State Support	36,925
Local Support	43,500
Restricted Support	77,173
Unrestricted Support	25,566
Investment Income	855
Other Receipts	645
Total Cash Receipts	1,411,321
<b>Cash Disbursements:</b>	
Salaries and Wages	234,218
Benefits	27,139
Administrative	13,278
Racing Supplies	40
Supplies	22,872
Utilities	87,348
Racing	20,478
Race Purse	123,141
Professional Services	370,246
Property Services	86,275
Advertising	92,390
Repairs	80,403
Insurance	25,177
Rent and Lease	36,327
Capital Outlay	40,694
Debt Service	5,934
Senior Fair	41,715
Junior Fair	49,655
Other Fair	14,196
Miscellaneous	841
Total Disbursements	1,372,367
Total Receipts Over (Under) Disbursements	38,954
Cash Balance, December 1	68,549
<b>Cash Balance, November 30</b>	<b>\$107,503</b>

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

**AGRICULTURAL SOCIETY  
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2002**

	<b>2002</b>
<b>Cash Receipts:</b>	
Admissions	\$615,234
Privilege Fees	212,015
Sales	7,139
Rentals	177,147
Racing Fees and Charges	113,142
Parimutuel Wagering Commission	7,117
Utilities	28,751
Fees	36,926
State Support	38,627
Local Support	43,800
Restricted Support	73,785
Unrestricted Support	46,770
Investment Income	1,689
Other Receipts	100
	1,402,242
<b>Total Cash Receipts</b>	
<b>Cash Disbursements:</b>	
Salaries and Wages	214,092
Benefits	22,814
Administrative	14,576
Racing Supplies	1,332
Supplies	28,227
Utilities	79,496
Racing	15,066
Race Purse	130,966
Professional Services	352,256
Property Services	79,441
Advertising	75,745
Repairs	35,639
Insurance	19,801
Rent and Lease	35,588
Capital Outlay	82,489
Debt Service	161,278
Senior Fair	39,124
Junior Fair	51,814
Other Fair	20,714
Miscellaneous	619
	1,461,077
<b>Total Disbursements</b>	
Total Receipts Over (Under) Disbursements	(58,835)
<b>Other Financing Receipts:</b>	
Sale of Land	100,000
Sale of Personal Property	14,794
	114,794
<b>Total Other Financing Receipts</b>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	55,959
Cash Balance, December 1	12,590
	12,590
<b>Cash Balance, November 30</b>	<b>\$68,549</b>

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



**AGRICULTURAL SOCIETY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Agricultural Society, Allen County, (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1851 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Allen County Fair during the month of August. During the fair, harness races are held, culminating in the running of the Allen County Super Trot, Signature Series race.

Allen County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of eighteen directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Allen 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 and simulcast relating to harness racing. Other year round activities at the fairgrounds include facility rental, track and stall rental, and community events which include trade shows, flea markets, swap meets, and auctions. The reporting entity does not include any other activities or entities of Allen County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 7.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are included in cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**AGRICULTURAL SOCIETY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

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

**E. Restricted Support**

Restricted support includes amounts that are required by the donor to be set aside for specific uses.

**F. Income Tax Status**

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

**G. Race Purse**

Signature Series stake races are conducted during the Allen County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

**Sustaining and Entry Fees**

Horse owners and the Western Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statement as Racing Fees and Charges.

**Ohio Fairs Fund**

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help 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 determined by the parimutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the parimutuel wagering system.

Pari-mutuel Wagering Commission (commission) is the Society's share of total parimutuel 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 statements as Pari-mutuel Wagering Commission. 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. Unpaid leave is not reflected as a liability under the basis of accounting the Society uses.

**AGRICULTURAL SOCIETY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**2. CASH AND INVESTMENTS**

The carrying amount of cash and investments at November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$103,987	\$65,158
Certificates of deposit	3,516	3,391
Total deposits	<u>\$107,503</u>	<u>\$68,549</u>

**Deposits:** \$100,000 of the bank balance was covered by the Federal Depository Insurance Corporation (FDIC). The remainder was uninsured and uncollateralized.

**3. HORSE RACING**

**State Support Portion of Purse**

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2003 and 2002 was \$24,384 and \$25,488 respectively and is included within State Support on the accompanying financial statements.

**Pari-mutuel Wagering**

The Society does not record the "Total Amount Bet" or the "Payoff to Bettors" in the accompany financial statements, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the parimutuel wagering system are called Tote Services, and these expenses are included in Professional Services disbursements. State taxes which are also paid from the Pari-mutuel Wagering Commission are reflected in Racing disbursements, and the amount remaining is the Society's net portion.

	<u>2003</u>	<u>2002</u>
Total Amount Bet (Handle)	\$ 59,225	\$ 35,038
Less: Payoff to Bettors	<u>(47,302)</u>	<u>(27,921)</u>
Parimutuel Wagering Commission	11,923	7,117
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(5,582)	(3,314)
State Tax	<u>(1,574)</u>	<u>(891)</u>
Society Portion	<u>\$ 4,567</u>	<u>\$ 2,712</u>

**4. RETIREMENT SYSTEM**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries, and the Society contributed an amount equal to 6.2 percent of participant's gross salaries. All contributions have been paid through November 30, 2003.

**AGRICULTURAL SOCIETY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**5. DEBT**

The Society had a line of credit with a local bank in the amount of \$200,100 which was available from September 7, 2000 through December 10, 2001. The line of credit was used to cover the expenses of the Fair and any other operating deficits. During 2001, the Society withdrew the amount of \$149,600, which was repaid with interest (\$2,106), during fiscal year 2002.

The Society also reports the service charges fees associated with credit card transactions to the debt service classification.

**6. RISK MANAGEMENT**

The Allen County Commissioners provide general insurance coverage for all the buildings on the Allen County Fairgrounds pursuant to Ohio Revised Code § 1711. 24.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2004. The Society also provides health coverage for full-time supervisory employees through an insurance company.

**Risk Pool Membership**

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage** - PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Coverage** - PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**AGRICULTURAL SOCIETY  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2003 AND 2002  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**Financial Position** - PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002.

<b>Casualty Coverage</b>	<b>2003</b>	<b>2002</b>
Assets	\$25,288,098	\$20,174,977
Liabilities	<u>(12,872,985)</u>	<u>(8,550,749)</u>
Retained earnings	<u>\$12,415,113</u>	<u>\$11,624,228</u>
<b>Property Coverage</b>	<b>2003</b>	<b>2002</b>
Assets	\$3,158,813	\$2,565,408
Liabilities	<u>(792,061)</u>	<u>(655,318)</u>
Retained earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

**7. JUNIOR FAIR BOARD AND JUNIOR LIVESTOCK SALE COMMITTEE**

The Society handles all activity of the Junior Fair Board and Junior Livestock Sale Committee. The accompanying financial statements do not include the activities of the Junior Fair Board or the Junior Livestock Sale Committee. The Junior Fair Board and Junior Livestock Sales Committee's financial activity for the years ended November 30, 2003 and 2002 follows:

	<b>2003</b>	<b>2002</b>
Receipts	\$348,585	\$346,179
Expenditures	350,721	344,320

**8. ALLEN COUNTY AGRICULTURAL SOCIETY FOUNDATION, INC.**

The Allen County Agricultural Society Foundation, Inc. is a not-for-profit corporation that was incorporated during 2003. The Foundation was formed for the purpose of accepting donations for various projects benefiting the Allen County Agricultural Society. Jay Begg, Fair Manager, serves as the statutory agent for the Foundation.

**9. SUBSEQUENT EVENTS**

**Western Ohio Colt Racing Association – (WOCRA)**

WOCRA handles the collection of sustaining and nominating fees for harness racing held during each annual fair for several counties in Western Ohio. During the years 2003 and 2002, WOCRA had not remitted the total amount of fee revenue earned and due to the Allen County Agricultural Society. During 2004, \$8,350 and \$4,250 in fees were received for the years 2003 and 2002, respectively.

Due to WOCRA's financial difficulties, the Allen County Agricultural Society has agreed to delay the receipt of their 2004 fair year earnings in the amount of \$45,650 in sustaining and nominating fees in order for the smaller fairs to receive a portion of their earnings and hold their harness racing events. The Society expects to receive approximately 74 percent of the amount due during fiscal year 2004.

If the full amount the due to WOCRA from the shortfall and due to the fairs is not received, those fairs receiving in excess of an average percentage will reimburse WOCRA so that the amount may be distributed and all fairs will share an equal percentage of the loss. The shortfall is not expected to exceed 12 percent which would be a maximum loss to the Society of \$5,478.

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## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Agricultural Society  
Allen County  
2750 Harding Highway  
Lima, Ohio 45804

To the Board of Directors:

We have audited the financial statements of the Agricultural Society, Allen County, (the Society), as of and for the years ended November 30, 2003 and 2002, and have issued our report thereon dated August 26, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Society's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated August 26, 2004.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-002.

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above as item 2003-002 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated August 26, 2004.

This report is intended solely for the information and use of the audit committee, management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

August 26, 2004



**AGRICULTURAL SOCIETY  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Ticket Accountability**

The money collected for season tickets, and tickets sold for various events, did not reconcile with the dollar amount calculated from the number of tickets ordered, less complimentary tickets given, and the remaining unsold tickets and resulted in the shortages indicated below that had not been deposited to the Society's treasury:

<b>2002 Fair Year</b>	<b>Price</b>	<b>Tickets Available</b>	<b>Total Possible Revenue</b>	<b>Less Unsold Tickets</b>	<b>Less Free Tickets</b>	<b>Total Expected Revenue</b>	<b>Total Actual Revenue</b>	<b>Shortage</b>
<b>Alabama Concert</b>								
Grandstand/Bleachers	\$20	3857	\$77,140	\$44,160	\$680	\$ 32,300		
Track/Infield	25	4800	120,000	20,250	11,675	88,075		
			<u>\$197,140</u>	<u>\$64,410</u>	<u>\$12,355</u>	<u>\$120,375</u>	<u>\$119,430</u>	(\$945)
<b>REO Speedwagon/ STYX Concert</b>								
Grandstand/Bleachers	\$20	3857	\$77,140	\$47,360	\$0	\$ 29,780		
Track/Infield	25	5400	135,000	19,725	6,270	109,005		
			<u>\$212,140</u>	<u>\$67,085</u>	<u>\$6,270</u>	<u>\$138,785</u>	<u>\$138,230</u>	(\$555)
		<b>Tickets Sold</b>		<b>Adjustment</b>				
<b>Season Tickets</b>								
Pre-Sale	\$20	3365	\$67,300	\$679		\$67,979		
At the Gate	25	373	9,325			9,325		
			<u>\$76,625</u>	<u>\$679</u>	<u>\$0</u>	<u>\$77,304</u>	<u>\$76,407</u>	(\$897)
<b>2003 Fair Year</b>								
<b>Sugar Ray/ Uncle Kracker Concert</b>								
Grandstand/Bleachers	\$20	3857	\$77,140	\$62,080	\$0	\$ 15,060		
Track/Infield	25	5400	135,000	59,950	11,300	63,750		
			<u>\$212,140</u>	<u>\$122,030</u>	<u>\$11,300</u>	<u>\$78,810</u>	<u>\$75,238</u>	(\$3,572)
<b>Martina McBride Concert</b>								
Grandstand/Bleachers	\$20	3857	\$77,140	\$34,020	\$0	\$ 43,120		
Track/Infield	25	5400	135,000	4,875	6,875	123,250		
			<u>\$ 212,140</u>	<u>\$ 38,895</u>	<u>\$ 6,875</u>	<u>\$ 166,370</u>	<u>\$ 165,425</u>	\$ (945)
		<b>Tickets Sold</b>		<b>Adjustment</b>				
<b>Season Tickets</b>								
Pre-Sale	\$20	3355	\$67,100	\$971		\$68,071		
At the Gate	25	361	9,025			9,025		
			<u>\$ 76,125</u>	<u>\$ 971</u>	<u>\$ -</u>	<u>\$ 77,096</u>	<u>\$ 73,698</u>	\$ (3,398)
<b>Grand Total Shortage</b>								<u>\$ (10,312)</u>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for money due but unaccounted for, is hereby rendered against, Jim Stout, Director; Dan Kimmel, Director; Daniel Bowman, Director; Jeff Creeger, Director; Duane Derringer, Director; Clyde Ditto, Director; Dennis Fricke, Director; John Gross, Director; Dwaine Holt, Director; Dave Hutchison, Director; Todd Keller, Director; Dwain Metzger, Director; Jim Morrison, Jr., Director; Nancy Neumeier, Director; Robert Phillips, Director; Denny Scott, Director; Skip Sisinger, Director; Dave Smith, Director; Jay Begg, Fair Manager; and Charles Faulder, Treasurer; jointly and severally, in the amount of Ten thousand three hundred twelve dollars (\$10,312), and in favor of the Society's Operating Fund.

## **FINDING NUMBER 2003-002**

### **Ticket Reconciliations**

Various events are held during the week of the fair for which the Society sells pre-numbered grandstand tickets for each event; pre-numbered tickets are also sold for season and gate admissions. Reconciliations are not performed to compare expected revenue, based on the number of tickets sold, with the amount actually collected on each of these different types of sales. For gate admissions, a daily receipt sheet is completed for each gate which sells tickets; however, signatures are not required to validate the ticket numbers given to the gate, the number of tickets sold or the amount of money collected and returned by each gate. In addition, there were no guidelines established regarding complimentary tickets. The number of tickets sold compared to the amount of collections was often not in agreement, due to money being collected and no ticket issued, or complimentary tickets being given.

Failure to reconcile the money collected with the number of tickets sold, less complimentary tickets and those remaining unsold, resulted in discrepancies occurring and possible diversion to personal use.

During the pre-sale and sale of the grandstand event tickets, the tickets sold for each event should be reconciled to the money collected on a daily basis, or at least weekly, in order to find and deal with any discrepancies if they should, or as they occur. This reconciliation should include a count of the money collected compared to the tickets used multiplied by the cost of the tickets, less complimentary tickets, by event. Records should be maintained for the number of complimentary tickets given, including to whom and the ticket numbers. The Society should set policy for complimentary tickets, as to whom, or for what type of promotion they may be given; how many may be given for an event, persons in authority to authorize; and the means of accountability. In addition, the Society should adopt and incorporate procedures into the contract with the persons and/or clubs that are responsible for the gate ticket sales and collections, which will ensure all revenue is accounted for and the ticket accountability sheets are filled out completely and accurately.



**Auditor of State  
Betty Montgomery**

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**AGRICULTURAL SOCIETY**

**ALLEN 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  
NOVEMBER 23, 2004**