



**UNIFORM SYSTEM OF ACCOUNTING FOR  
AGRICULTURAL SOCIETIES**

**NOVEMBER 2002 REVISION**

# **Uniform System of Accounting for Agricultural Societies**

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## Preface

The Auditor of State is responsible for prescribing a Uniform System of Accounting for Ohio's agricultural societies. This November 2002 revision represents is designed to meet that responsibility and is the first revision of the Uniform System of Accounting in over 14 years.

Much has changed over the past 14 years. One of the more significant changes affecting Ohio's agricultural societies has been the introduction and wide-spread use of computerized accounting software, such as QuickBooks™ and others. As a result of the use of products like QuickBooks™, this revision spends little time discussing the format of records to be kept by agricultural societies, leaving those details to the accounting software used. For those agricultural societies who continue to keep a manual set of accounting records, the paper examples in the 1988 Uniform System of Accounting are still useful examples.

Four important design goals were kept in mind when developing this revision. First, was to incorporate the agricultural society community into the development process. The development process included significant input from a working group representing agricultural societies and including member of boards of directors, fair managers, a representative of the Ohio Agriculture Department, board members and the Executive Directors of the Ohio Fair Managers Association, and its lobbyist. This working group provided feedback and review of this document and their assistance was invaluable.

The second design goal was to change as few existing procedures and add as few new procedures as possible. We accomplished that design goal. For example, we did not modify the chart of accounts which has been in use by all agricultural societies, and which is the basis for their reporting to the Ohio Agriculture Department and us.

Our third design goal was simplicity in accounting. This system of accounting is designed to facilitate the proper recording and reporting of transactions and compliance with proper control procedures, laws and regulations while freeing the board and management to concentrate on the societies' missions rather than turn them into accountants. For example, we eliminated the dual fund presentation which requires knowledge of transfers and advances which is rather complicated.

Our last design goal was to make this document a comprehensive resource for Ohio agricultural societies. To that end we added a detailed chart of accounts, and a copy of laws and regulations that we determine to be applicable to most Ohio agricultural societies. Compliance requirements may vary among agricultural societies and for a single agricultural society from year to year. Individual boards of directors will obtain a majority of laws and regulations that will be applicable to their agricultural society from this resource, but they are still required to determine whether additional compliance requirements are imposed on their agricultural society as a result of contracts, debt agreements, and federal grants or awards.

It is the intention of the Auditor of State to maintain this document with updates approximately every two years.

We recognize, with gratitude the following volunteers on Agricultural Society Working Group for their commitment to Ohio agricultural societies.

Doug Guinsler, Secretary  
Muskingum County Fair  
Dan Martin, Secretary/Manager  
Butler County Fair  
Terry Lash, Secretary/Manager  
Ashland County Fair  
Jon Overmyer, Past President  
Ohio Fair Managers Association  
Don Klingler, Past Executive Director  
Ohio Fair Managers Association  
Jeff Kalbus, Internal Auditor  
Ohio Department of Agriculture

Floyd Ballis, Secretary  
Pike County Fair  
Paul Oechsle, Secretary/Manager  
Van Wert County Fair  
Bev Fisher, Secretary/Manager  
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Columbus, Ohio  
November 13, 2002

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# Uniform System of Accounting for Agricultural Societies

## Basis of Accounting

County and independent agricultural societies shall 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. Revenue shall be recorded when cash is received and expenses shall be recorded when cash is disbursed.

## Fund

County and independent agricultural societies shall maintain a single fund accounting for all receipts and disbursements.

Agricultural societies receive money from state, county and private sources. Sometimes the entity making the payment stipulates that the money be used for a particular purpose. The society has an obligation to demonstrate in its financial records that it complied with the restrictions placed on use of receipts. In some organizations, this compliance is demonstrated by the use of several funds. Accounting for multiple funds is more complex than accounting for a single fund, and compliance can also be demonstrated by carefully accounting for the receipts and disbursements in the chart of accounts. Use of a single fund accomplishes the requirement for careful accounting for restricted receipts and provides a simple and easy to maintain accounting system.

## Chart of Accounts

Agricultural societies shall use the standard chart of accounts specified in this accounting manual.

Charts of accounts provide consistency in accounting and are management's primary means of demonstrating effective stewardship of funds. The consistency provided by use of a standard chart of accounts allows for the comparison of operations among different societies and helps keep audit costs low. Management demonstrates its effective stewardship by using the chart of accounts to:

- Report the sources and uses of public funds
- Prove its compliance with legal or administrative requirements

The standard agricultural society chart of accounts is included in this accounting manual as Appendix A, and begins on page 11.

## Bank Account

Agricultural societies shall maintain a checking account. All cash receipts shall be deposited into the checking account and all cash disbursements shall be made by a check redeemable against the checking account.

Agricultural societies shall not make payments out of un-deposited receipts. Rather, the receipts shall be deposited and disbursements shall be made by check against the bank account.

## **Uniform System of Accounting for Agricultural Societies**

### Investments

Preservation of principal shall be the priority of agricultural society boards of directors when investing excess agricultural society funds. To achieve that goal, agricultural society investments should be limited to bank accounts such as savings accounts or certificates of deposits, and at amounts that are fully within the limits insured by the Federal Deposit Insurance Corporation (FDIC). Agricultural societies may also invest in debt instruments of the United States of America (commonly called U.S. Treasury bonds, notes or bills) because these investments are commonly considered to carry zero credit risk.

Investments shall be convertible to cash without loss of principal when needed. Longer term investments, for example investments made to defray the cost of a capital asset purchase in the future, must be carefully matched to the time when such purchase is to be made. If an investment must be converted to cash prior to its scheduled maturity, the society may be subject to loss of principle due to changes in interest rates.

### Petty Cash Account

A society may establish a petty cash account if the establishment is authorized by the society's board of directors.

If a petty cash account is authorized by the board of directors, the amount initially deposited in the petty cash account, called the "imprest amount," shall be authorized by the society's board of directors. The board of directors shall also designate a person as the custodian of petty cash. The board of directors may establish a higher imprest amount during the period immediately before, during and after its annual agricultural fair to facilitate the cash payments that may be required during these times. During non-fair periods the petty cash imprest amount should be no more than \$500. During fair periods the imprest amount may be up to \$1,000.

Receipts shall be required for all petty cash disbursements. The petty cash custodian shall assure that the sum of receipts for petty cash expenditures plus remaining petty cash always equals the "imprest amount." Petty cash shall be replenished up to the "imprest amount" by society check made payable to the petty cash custodian in the form "John Doe, Petty Cash Custodian," where John Doe is the name of the person authorized by the board of directors to be the petty cash custodian. The expenditures made by petty cash disbursements shall be distributed to the accounts upon the replenishment of the petty cash fund.

### Premium Petty Cash Accounts

A society may establish one or more petty cash accounts to distribute premium money to exhibitors. For example, one account may be established for open class premiums and another for junior fair premiums. The accounts should institute all the controls identified above including establishing an imprest amount and petty cash custodian by board resolution. Receipts, in the form of premium vouchers, should be maintained and added to the petty cash remaining to equal the imprest amount.

## **Uniform System of Accounting for Agricultural Societies**

### Double-entry Bookkeeping System

Agricultural societies shall maintain a double-entry bookkeeping system which demonstrates the effect of a transaction on at least two accounts – cash and either a receipt or disbursement account.

Agricultural societies are encouraged to adopt a computerized bookkeeping program such as QuickBooks™ because they eliminate arithmetic errors, make common accounting tasks such as cash reconciliation easier, and provide commonly-requested management reports.

### Budgeting

Each agricultural society shall prepare an annual budget of its revenues and expenses. The budget shall cover the period December 1<sup>st</sup> through November 30<sup>th</sup>. The budget shall be considered and approved by the board of directors prior to the first day of the ensuing fiscal year. The budget shall be prepared at the level of the accounts from the chart of accounts which are used by the society.

Budgeted revenues and expenses should be distributed to the month they are likely to be received and expended. The distributed monthly budget should be integrated into the society's accounting system.

Actual revenues and expenses shall be compared to budgeted amounts each month, and reported to and reviewed by the board of directors. The board of directors shall determine the reasons why actual expenses exceed or are less than budgeted expenditures by making inquiries to fair management about the reasons.

### Cash Management

Agricultural societies shall compare their actual bank cash balances to the budgeted cash balance at the end of each month. When actual cash balances are below budgeted cash balances, the society should look for ways to increase revenues and/or decrease expenditures budgeted in the up coming months so as to achieve the budgeted cash balance. When actual cash balances exceed budgeted cash balances, the board of directors may establish or add to non-operating bank accounts designated for particular purposes (e.g., for future capital purchases).

The actual bank cash balance is listed on the society's bank account statements. All accounts containing funds designated for operations should be included. Accounts designated for non-operating purposes, for example, to fund future capital improvements, should be excluded. Budgeted cash balance is found by adding the actual cash balance at the beginning of the year, the year-to-date budgeted receipts, and subtracting the year-to-date budgeted expenses.

### Unpaid Bills

At the end of each month, fair management shall present the board of directors with a list of all unpaid bills for goods or services received and another list of all items ordered and not yet received. These lists shall be classified by the expense accounts which

## Uniform System of Accounting for Agricultural Societies

will be charged when the bills are paid. Available cash balances shall be reduced by the total of these two lists.

### Purchasing

Societies shall consider their 1) unexpended expense budgets, 2) available cash balances and 3) previous commitments to expend which have not yet resulted in cash disbursements prior to making new commitments to expend money.

Previous commitments to spend money which have not resulted in cash disbursements are often documented by the society's unpaid bills. However, it is common for purchase commitments to be made which have not yet resulted in the delivery of goods or services and for which invoices have not yet been delivered. These commitments are documented in the form of purchase orders. Use of purchase orders by agricultural societies is strongly encouraged but not required. Smaller societies may find it possible to keep track of all previous commitments and their effects on the expense budget without using purchase orders, but medium and larger sized societies will find this task difficult without the use of purchase orders.

### Cash Receipts

Agricultural societies shall deposit all cash receipts into a society-owned bank account. A multi-part pre-numbered receipt should be completed for each cash receipt, except for ticket sales. A copy of the receipt shall be given to the person or organization making the payment. The society shall account for each receipt issued or spoiled by accounting for all receipt numbers consecutively. A cash receipt shall be prepared for all cash receipts regardless of whether other documentation evidences receipt (e.g., camping contract). Bank deposit slips shall be prepared daily and cash deposited daily in the bank.

All receipts, including ticket sales, shall be deposited in the bank not later than the day next following the receipt, unless both of the following conditions apply:

- a. Total amount of un-deposited cash receipts is less than \$1,000, and
- b. The society's board of directors has established a policy allowing deposit for up to three days following the date of receipt, and establishing safeguarding procedures for the receipts prior to deposit.

During periods of greater activity, such as the period around fair week, cash should be deposited several times per day, and significant deposits at the end of the day should be deposited in the bank's night depository and not left overnight on the fairgrounds.

### Ticket Sales

All tickets for admittance to the fair and its events shall be consecutively pre-numbered. Separate tickets shall be used to account for each type of admission. The numbered sequence of tickets given to distribution locations shall be recorded. All unsold tickets and cash for sold tickets shall be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold. A single pre-numbered cash receipt shall be issued for each batch of tickets sold. For example, revenue from the tickets sold by the fair office shall be reconciled

## **Uniform System of Accounting for Agricultural Societies**

with pre-numbered tickets assigned to the fair office for sale. Separate reconciliations shall be performed for groups of tickets assigned to each local merchant for sale. A single, pre-numbered cash receipt shall be assigned to account for the cash associated with all reconciliations.

### **Deposits and Intermediate and Final Payments**

Deposits and intermediate and final payments for campground, fairground or building rentals, and privilege fees (including ride company guaranteed contract fees) shall be receipted and deposited separately as cash receipts. Contracts associated with the rental shall indicate the receipt number assigned to account for the deposit and interim and final payments.

### **Cash Received from Tote Services**

A single, pre-numbered cash receipt shall be issued to account for receipts from tote service for each night of racing.

### **Interest and Dividends Credited to Account**

Interest or dividends credited to the society's bank or brokerage accounts do not require the preparation of a cash receipt. However, the society shall maintain each account's statements as proof of the amount credited to its accounts.

### **Expenses**

Expenses shall be recorded, when paid, in the appropriate expense account. Sufficient documentation shall be retained to support the expense. Such documentation may include invoices, receipts, purchase orders, contracts, or other documentation of what was purchased, from whom it was purchased, and the purpose of the purchase if not obvious from the existing documentation.

### **Payroll**

Salaries or wages of society employees shall be authorized by its board of directors. The net amount of payroll expense shall be recorded in the appropriate payroll account. Payroll net amount equals gross payroll less withholdings and deductions.

### **Payroll Withholdings and Deductions**

Payroll withholding and deductions shall be charged, when paid, to the same account as net payroll.

### **Employer Payroll Taxes**

Employer payroll taxes (FICA, unemployment, workers compensation) shall be recorded in the appropriate employer payroll tax account when paid.

### **Benefits**

## **Uniform System of Accounting for Agricultural Societies**

Employer-paid benefits (less any amounts deducted from employee paychecks) shall be recorded in the appropriate account when paid. Amounts deducted from employee paychecks shall be recorded as payroll expense.

### Capital Expenses

Payments for land, new or expanded buildings, and new or used vehicles or equipment shall be recorded as capital expenses in the appropriate account. Capital expenses recorded shall reconcile to additions to the fixed asset list.

### Fixed Asset Policy

Agricultural Societies shall maintain a record of all land, buildings and equipment owned by it. The record shall describe the property accurately including references to serial numbers or deed records and shall be maintained up-to-date and complete. Estimated historical costs shall be assigned to existing fixed assets and additions shall be recorded at cost. Additions to the fixed asset record should reconcile to capital outlay in the financial statements.

### Fixed Asset Capitalization Policy

A board of directors shall establish a dollar amount above which assets purchased with lives greater than one year shall be added to the fixed asset record as part of the fixed asset policy. The capitalization threshold may vary among agricultural societies and be as low as a few hundred dollars and as high as several thousand dollars.

### Insurance

Annually, agricultural societies' boards of directors shall survey its insurable risks and negotiate a plan of insurance designed to mitigate that risk within the constraints of the societies' budgets.

Insurable risks are risks for which insurance can be purchased. For example, the risk that a tornado may destroy one or more fairground buildings can be mitigated by purchasing an insurance policy which will help the agricultural society repair or replace the damaged buildings.

In many agricultural societies, buildings are owned and insured by the county. When this is the case, an additional insurance policy is not required for assets owned and insured by the county.

### Audit Committee

Board of directors of agricultural societies should establish an audit committee of its members which will serve as a liaison between the society and the Auditor of State. The audit committee's duties shall include

- Meeting with the society's independent auditors before and after each audit;
- Monitoring the progress of the financial and compliance audit;
- Evaluating the results of the financial and compliance audit; and

## **Uniform System of Accounting for Agricultural Societies**

- Ensuring that the internal control and legal compliance issues identified in the audit are promptly remedied.

### Hiring of Family Members

Each agricultural society shall establish a policy regarding the hiring of family members. Such a policy shall state the society's policy regarding:

- Hiring a person related to a board member or employee;
- Supervising a person related to a board member or employee;

Such a policy shall prohibit the assignment of a family member to a position designed to act as a check and balance on another family member, such as hiring a person to collect cash when another family member is responsible for accounting for the completeness of cash collected. Other incompatible positions may be identified by the board of directors.

### Public Information Policy

Agricultural societies should establish a public information policy which complies with Ohio's open meetings and public records laws and establishes a reasonable time frame for access to public records and costs for copies.

### Junior Fair

Junior fair financial activity is presented in the footnotes to the agricultural society financial statements. Such activity includes that subsidized by the agricultural society and engaged in by the junior fair using accounts which are not recorded on the agricultural society's books.

The board of directors shall regularly inquire about junior fair cash balances and financial activity with the junior fair board. Junior fair expenses paid by the agricultural society shall be accounted for in a way that facilitates their identification. At year end, the board of directors shall acquire the monthly bank statements of all accounts held in the name of the junior fair.

### Junior Fair Livestock Sale

Junior fair livestock sale financial activity is presented in the footnotes to the agricultural society financial statements. Such activity includes that subsidized by the agricultural society and engaged in by the junior fair livestock sale using accounts which are not recorded on the agricultural society's books.

The board of directors shall regularly inquire about junior fair livestock sale cash balances and financial activity with the sale committee. Junior fair livestock sale expenses paid by the agricultural society shall be accounted for in a way that facilitates their identification. At year end, the board of directors shall acquire the monthly bank statements of all accounts held in the name of the junior fair livestock sale.

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# Uniform System of Accounting for Agricultural Societies

## Appendix A

### Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

#### 1000 OPERATING REVENUE

##### 1100 Taxes

- 1110 Use Tax (Racing)
  - Pari-mutuel Betting (State Tax)
- 1190 Other Taxes

##### 1200 Admissions - General Public

- 1210 Exhibitors Tickets
  - Tickets Sold to Exhibitors (Sold To Those In Competition as Listed in Premium Book Season & Individual Day Passes)
  - Includes Junior Fair Exhibitors
- 1220 Season Tickets
  - Gate Admission(s) for Entire Fair (County & Non-County Residents)
  - Student Season Tickets
- 1230 Admission Tickets - General
  - Gate Admission Tickets
  - Senior Citizen Tickets (Option to include as 1230-1)
  - (Do Not Include Student Admissions if Sold at a Discounted Value Relative General Admission Ticket)
- 1240 Admission Tickets - Grandstand Events
  - Grandstand Tickets & Box Seats
  - All Special Event and Entertainment Tickets Sold
  - Includes Events as Tractor Pulls, Demo Derby, Harness Racing & any Events Where There Is Additional Charge (Both Fair & Non-Fair Activities)
  - Student Tickets for Grandstand Events
- 1250 Student Tickets
  - Gate Admissions for Individual Under a Certain Age (Discounted Value Than Normal Gate Admissions)
- 1260 Privilege Tickets (Concessionaires)
  - All Discounted Tickets Sold To Individuals Contacted with Fair
  - Includes Vendor Passes, Commercial Exhibitors, Pit Passes, And Harness Racing Passes
  - Daily Gate Admission Tickets Sold At
- 1290 Other Tickets
  - Any Other Admission Ticket Sold By Fair Not Covered Above including parking receipts)

##### 1300 Privilege Fees

- 1310 Concessions
  - Privilege Fees From Food & Beverage Vendors (Includes Footage, Flat Fees, and/or Percentage of Gross Receipts Sold by Vendors during the Fair)
- 1320 Building Space
  - Merchants Fees for Fair Space Inside Buildings
- 1330 Buildings

## **Uniform System of Accounting for Agricultural Societies**

### **Appendix A**

#### **Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes**

- Flat Fees for Buildings From Vendors Leased during the Fair
- 1340 Ground Space
  - Privilege for Outside Fair Space
  - Tent Rentals
- 1350 Activities – Games and Novelties
  - Privilege Fees for Games
  - Privilege Fees from Novelties
- 1360 Activities – Rides
  - Guarantee Contract Fees
  - Percentage Receipts from Additional Ride Sales
- 1390 Other Activities
  - Other Privilege Fees Collected from Vendors for Goods Sold During the Fair (Both Fixed & Percentage Fees)
  - Including: T-shirts, Programs Sold at Grandstand & Special Events, & Novelties Sold by Vendors
  - Percentages of Programs Sold by Vendors
- 1400 Sales During the Fair**
- 1410 Programs
  - Harness Racing Programs
  - Special Event(s) and Grandstand Event(s) Programs
- 1420 Clothing
  - T-shirts & Sweat Shirts
  - Hats. Caps, & Other Head Ware
  - Jackets and Coats
- 1430 Glasses/Mugs
  - China. Plastic, Souvenirs, etc.
- 1440 Baked Goods
  - Fair Sales & Non-fair Sales
- 1490 Other Sales
  - Books. Cook Books. Magazines, Other Souvenirs & Premium Books (Some Items Sold Needs to Include Sales Tax & a Vendors License Maybe Required)
- 1500 Racing Fees and Charges**
- 1510 Entry Fees and Declaration
  - Money Received For Harness Races (Declaration)
- 1520 Pari-mutuels
  - Percentage of Receipts From Pari-mutuel Handle
- 1530 Racing Program – Ads
  - Advertisements Sold in Racing Programs
- 1540 Speed Fees
  - Nominating and Sustaining harness racing fees
  - Colt Circuit Receipts
- 1550 Race Bond Refund
  - Bond Refund from State Auditor
- 1590 Other Race Receipts

## Uniform System of Accounting for Agricultural Societies

### Appendix A

#### Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

- Race Blankets & Trophies (Fair Profits from Blankets Sold)

#### **1600 Sales During Other Activities**

1610 Sale of Supplies

- Pop & Other Vending Machine Supplies

1690 Other Sales

#### **1700 Utilities (Reimbursements & Hook-Up Fees)**

1710 Electricity

1720 Propane

1730 Water and Sewer

1740 Gas

1790 Other Utilities

#### **1800 Fees**

1810 Class Entry Fees

- Senior & Open Class Entry Fees
- Junior Class Entry Fees

1820 Membership Fees

- Receipts From Sale of Agricultural Society Memberships

1830 Contest Fees

- Tractor Pull Entry Fees
- Horse Pull Entry Fees
- Demo Derby Entry Fees
- Pie Eating Contest Entry Fees
- Fiddle Contest Fees
- Tobacco Spitting Contest Fees
- Other Entry Fees Taken during or before the Fair

1890 Other Fees

#### **1900 Rentals**

1910 Rental – Grounds

- Auctions Flea Markets & Rummage Sales (Both Fixed Revenues or Percentage Receipts Based on Sales)
- Company Picnics
- Outside Horse Riding Arenas

1920 Rental – Buildings

- Individual Building Rentals for Various Events
- Receptions, Auctions & Meetings
- House and/or House Trailer Rent

1930 Rental - Camp Sites

- Fair Campground Rental
- Non-fair Campground Rental
- Hook-Up Fees for Utilities

1940 Rental – Equipment

- Tables & Chairs
- Banquet & Kitchen Facility Items

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### Appendix A

#### Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

- Radios, P.A. System
- Computer Related Items
- Golf Carts
- Stage
- Bleachers
- 1950 Rental - Stalls, Pens and Barns
  - Non-fair Barn & Stall Rentals (Horse Racing)
  - Stall and Pen Rentals during Fair
- 1960 Rental – Storage
  - Boats, Trailers, & Automobiles
  - RV's & Farm Equipment
- 1990 Rental - Other

#### 2000 STATE AND LOCAL GOVERNMENT SUPPORT

##### 2100 State Support

- 2110 Ohio Fairs Fund Section 3769.082(A)-(ORC)
  - General Operation Funds
- 2120 Ohio Fairs Fund Section 3769.082(B)-(ORC)
  - Section Applies To State Fair Only
- 2130 Ohio Fairs Fund 9.082(C)-(ORC)
  - Non Stake Race Purse Monies
  - Race Track Maintenance & Race Relating Expenses
- 2140 Ohio Fairs Fund Section 3769.082(D)-(ORC)
  - Ohio Stake Racing Purses
- 2150 Ohio Department of Agriculture 901 -5- 16 (ORC)
  - Junior Fair Reimbursement Monies
- 2190 Other State Support
  - Capital Improvement (State Matching Funds)
  - Other State Grant & Aid Funds(Very Seldom Received)
  -

##### 2200 Local Government Grant-In-Aid

- 2210 County Government Grant - Section 1711.01 (ORC)
  - Senior Fair Money (\$800.00)
- 2220 County Government Grant - Section 1711.02 (ORC)
  - Independent Fairs Junior Fair Money (\$500.00 to \$100.00)
- 2230 County Government Grant - Section 1711.03 (ORC)
  - County Fair's Junior Fair Money (\$500.00 to \$100.00)
- 2240 County Government Grant - Section 1711.15 (ORC)
  - Money Received From County Commissioners for Capital Improvements, Building Improvements and Repair and/or Debt Retirement, Interest on Debt
- 2250 County Government Grant - Section 17]1.19 (ORC)
  - County Bond Money (Tax Exempt Money Borrowed by the County Commissioners
- 2260 County Government Grant - Section 1711.21 (ORC')
  - Taxation Money (County Election-Vote of Approval )

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#### Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

2270 County Government Grant - Section 1711.22 (ORC)

- General Operation Money (\$2,000.00 to \$1,500.00)

2290 Other Local Government Support

- Miscellaneous Receipts from County and/or Local Municipal Sources

#### **3000 MISCELLANEOUS RECEIPTS - OTHER SOURCES**

##### **3100 Restricted Support** (Earmarked for Specific Spending Purposes)

3110 Gifts and Donations

- Fund Raising Activities for New Facilities, Equipment or Other Assets

3120 Grants

- Funds Received From Businesses, Individuals & Others that Have No Interest Payments or Principal Payments (Requires An Application To Request Funds & Reporting - Funds Are Earmarked for a Specific Purpose)

3130 Sponsorships

- Funds Provided to the Fairboard to Support a Particular Segment of the Fair
- Tractor Pull Trophies & Prize Monies
- Demo Derby Trophies & Monies
- Funds for Junior Fair Ribbons, Trophies. Premiums

3140 Promotions

- Sale of Advertisement for Premium Book (Support Money Received To Promote Fair)
- Horse Racing Blankets & Trophies (Recovery of Cost Only - No Profits for Fairboard)

3190 Other Restricted Support

- Junior Fair Livestock Sale Receipts

##### **3200 Unrestricted Support**

3210 Gifts and Donations

- Unrestricted Gifts & Donations to Be Spent at the Discretion of the Fairboard

3220 Grants

- Unrestricted Support - Society Is Not Obligated to Repay Principal or Interest (Requires Application & Reporting)

3230 Sponsorships

- General Funds That Are Spent Under the discretion of the Fairboard
- Corporate Sponsorships for the Day at the Fair

3240 Promotions

- Funds Provided to the Fairboard to Promote the General Welfare of the Society & Fair

3290 Other Unrestricted Support

- Miscellaneous Receipts
- Returned Deposits
- Payment of Non-sufficient Fund Checks
- Catch All Category (If it Does Not Fit in Other Categories, Enter the Transaction in Here)

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## Appendix A

### Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

- Junior Livestock Sale Receipts (Profits Are Generated by the Sale)

#### **3300 Sale of Notes**

- Unsecured Debt
- The Used Portion of the Society's Line of Credit
- Any Short-Term Obligations

#### **3600 Interest**

- Interest from CDs
- Savings Account Interest
- Checking Account Interest
- Bond or Note Interest

#### **3700 Dividends**

- Common or Preferred Stock Dividends
- Mutual Funds Dividends or Interest Payments

#### **3800 Mortgage**

- Funds Received By Society By Lender (Long-Term)
- Loan for Buildings, Property, Equipment or Machinery

#### **3900 Sale of Assets**

##### 3910 Sale of Real Property

- Sale of Land, Buildings & Other Long Term Assets

##### 3920 Sale of Personal Property

- Sale of Equipment, Machinery, Bleachers, Tables Chairs, or Other Assets of the Society

##### 3930 Other Sales of Assets

#### **4000 SALARIES AND WAGES (Payroll - Not Contract Labor)**

##### 4010 Secretary's Salary & Wages

- Secretary & Treasurer's Salary and/or Wages

##### 4020 Board of Directors' Compensation

- Wages Paid to Board Members

##### 4030 Fairgrounds Maintenance Salaries & Wages

- Grounds Keeper Salary
- Caretaker's Salary
- Hired Labor (Maintenance)

##### 4040 Race Salaries and Wages

- Only If Individual Is Employee of Society

##### 4090 Other Salaries, Wages and Compensation

- Other Labor during the Fair Where W-2s Are Filed by the Society
- Parking Attendants
- Ticket Sellers & Ticket Takers
- Police or Security
- Electrician

## Uniform System of Accounting for Agricultural Societies

### Appendix A

#### Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

- Office Workers

#### **5000 BENEFITS (Employer's Share)**

- 5010 Retirement (Employer's Portion)
  - FICA & Social Security
- 5020 Unemployment Compensation
  - Unemployment Tax
- 5030 Workers' Compensation
- 5040 Insurance - Health
- 5050 Insurance - Life/Disability
- 5060 Employee Membership Reimbursements
- 5070 Tuition Reimbursements
- 5080 Uniform Reimbursements
  - Employee Is Required to Buy Uniform that Is Reimbursed by the Society
- 5090 Other Employee Benefits
  - Retirement

#### **6000 ADMINISTRATIVE, SUPPLIES AND MATERIAL EXPENSES**

##### **6100 Administrative Expense**

- 6110 Board of Directors' Expense
  - Board of Director's Monthly Meeting Compensation (Maximum Payment \$25 00 per Meeting)
  - Travel Reimbursement (Up To \$.27 Per Mile or State Maximum - see Red Book)
  - Convention Expenses (Does Not Include Movies, Alcoholic Beverages or Spouse Expenses - Only Food, Lodging, Parking, & Miscellaneous Expenses)
  - Reimbursed Expenses (Provided Expenses Were Pre-approved)
  - Meals during the Fair
  - Refreshments during the Board Meetings
  - Do Not Include a Flower Fund as a Board Expense (Not Permitted)
- 6120 Secretary/Treasurer's Expense
  - Convention Expenses
  - Reimbursed Expenses
  - Travel Allowance (ODA Accounting & Computer Training Sessions)
- 6130 Ground Maintenance Expense
  - Supplies & Materials Purchased for the Fairgrounds
  - Reimbursed Expenses for Pre-approved Expenses
  - Expenses for Meetings Attended
- 6140 Memberships
  - OFMA Annual Dues
  - GOSA, IAFE, Ohio Harnessmen, & Other Association Dues
  - Magazine Subscriptions
- 6190 Other Expenses
  - Other Expenses for Convention Other than Board Members and

# Uniform System of Accounting for Agricultural Societies

## Appendix A

### Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

Secretary/Treasurer (Needs Formal Board Approval)

- Licenses
- Miscellaneous Administrative Expense Category

#### **6200 Race Supplies and Material Expenses**

6210 Race Trophies and Blankets

- Expenses for Awards

6220 Supplies and Track Materials

- Race Track Related Expenses (Not Equipment or Machinery)
- Sand, Gravel, Gasoline, and Supplies

6290 Other Race Expenses

- Postage Costs
- (Utilities for Horse Barns Should Be Subdivided into the Appropriate Utilities Category in the 7100 Series)

#### **6300 Supplies Purchased for Resale**

- Pop & Candy for Vending Machines
- Belt Buckles. Hats and Balloons

#### **6400 Supplies and Materials**

6410 Office Supplies and Materials

- Stamps & Postage Fees
- Office Supplies
- Accounting Paper & Supplies

6470 Ground Maintenance- Supplies and Materials

- General Maintenance & Repair Supplies
- Fuel Costs
- Vehicle Equipment. & Machinery Parts Serviced By Society Labor

6490 Other-Supplies and Materials

- Replacement Tables and Chairs
- Costs of Tickets
- Place Mats
- Printing of Signs & Posters
- Cost of Brochures
- Fair Flyers
- Cook Books

#### **7000 CONTRACTUAL SERVICES**

##### **7100 Utilities**

7110 Electricity

7120 Gas

7130 Propane

714() Water

7150 Telephones

7160 Sewer

## Uniform System of Accounting for Agricultural Societies

### Appendix A Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

7190 Other Utilities

#### **7200 Racing**

7210 Race Tax

- Pari-mutuel Taxes

7220 Race Purses

- Ohio Stake Race Purses
- Non Stake Racing Purses
- Overnight Racing Purses

7230 Starting Gate

7240 Photo Finish

7250 Track Maintenance Contracts

- Expenses for Track Maintenance (Contracted)
- Any Repairs or Track Overhaul Expenses (Contracted)

7260 Announcer, Judges, Timer and Race Secretary

7290 Other Race Related Expenses

- Race Department Help
- Manure Hauling Fair
- Other Race Miscellaneous Expenses

#### **7300 Professional Services**

7310 Legal Services

- Attorney and Filing Fees

7320 Auditing and Accounting Services

- CPA's Fees

7330 Veterinary Services

- Fair Veterinary Services
- Horse and Other Animal Blood Testing Expenses

7340 Contractual Entertainment

- Entertainment Expenses
- Demo Derby & Tractor Pull Expenses (Not Prize Money)
- Clowns & Midway Entertainment
- Grandstand Entertainment Costs
- Bands & Other Shows
- Pig Racing
- Announcers for Tractor Pull & Demo Derby

7350 Ride Company Expenses

7390 Other Services (Including Electrician)

- Other Contracted Services Purchased By the Fairboard

#### **7400 Property Services**

7410 Security Services

- Police & Sheriff Services
- Night Watchmen & Pinkerton Security
- Security Stage Crew Workers

7420 Cable TV Services

- Satellite Dish

## Uniform System of Accounting for Agricultural Societies

### Appendix A Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

- 7430 Computer Services
  - Software and Programming Assistance
  - Hardware & Software Purchases
  - Internet Related Expenses
- 7440 Cleaning and Janitorial Services
  - Restroom Cleaning
  - Port-A-Johns
- 7450 Grounds keeping and Snow Removal Services
  - Grandstand and Midway Cleaning
  - Flower Bedding Expenses
- 7460 Trash Hauling and Dumping Services
  - Fair Refuse Expenses
  - Dumpster Rental
  - Monthly Garbage Pick-Up
- 7470 Sound System Services
  - Services for Loudspeakers & PA Systems
  - Lighting for Stage
- 7480 Tax (Payments to Governmental Agencies)
  - Real Estate Taxes (With the 501-C-3 Not For Profit Status, Most Fairs Not Subject to Real Estate Taxes)
  - Taxes To Watershed Association
- 7490 Other Purchased Services
  - Outside Gate Personnel (Parking)
  - Grandstand Personnel
  - Ticket Sellers & Ticket Takers (Civic Groups Set-Up)
  - Mosquito Spraying
  - Contracted Services for Repair & Inspections
  - Drain Services
  - Plumber, Carpenter, Painter, and Electrician
- 7500 Advertising and Communication Expenses**
- 7510 Legal Ads and Publications
  - Newspaper Publication of Annual Report
  - Notice of Election
  - Advertisement Society Is Accepting Bids for Projects
  - Notice of Tax Levy
  - Entertainment Advertising
- 7520 Newspaper Ads
  - Advertisement for the Fair
  - Harness Racing Advertisement
- 7530 Radio and TV Ads
  - Fair & Non Fair Events
- 7540 Printing and Publication Fees
  - Premium Book Costs of Publication
- 7550 Microfilming Charges
- 7590 Other Communications Expenses
  - Billboards

## Uniform System of Accounting for Agricultural Societies

### Appendix A

#### Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

- Shopping Center Set-Up
- Media Day Expenses
- 7600 Repairs**
- 7610 Equipment/Furniture Repair
  - Machinery Repairs
  - Lawn Mower
  - Office Equipment
- 7620 Motor Vehicle Repairs
  - Tractor, Truck & Automobile
  - Golf Carts
- 7630 Building and Site Repairs
  - Grandstand Repair
  - Roofs, Painting & Contracted Maintenance on Buildings & Barns
- 7690 Other Repairs
  - Furnace Repair
  - Drainage Ditches
- 7700 Insurance**
- 7710 Insurance - Property
- 77 TO Insurance - Liability
- 7730 Insurance - Motor Vehicle
- 7740 Insurance - Fidelity Bond
- 7790 Insurance – Other
  - Rain Insurance
  - Concessions
  -
- 7800 Rent/Lease Expenses**
- 7810 Rent/Lease - Software
- 7820 Rent/Lease - Land and Buildings
  - Rental of Properties
- 7830 Rent Lease - Meeting Rooms
- 7840 Rent/Lease - Storage Rooms
- 7850 Rent/Lease – Motor Vehicles
  - Golf Carts
  - Trucks, Tractors & Automobiles
- 7860 Rent/Lease - Exhibits and Displays
  - Stage (Not For Entertainment)
  - Risers for Fruits & Vegetables
  - Show Cases
- 7870 Rent/Lease – Equipment and Supplies
  - Chairs & Tables
  - Tents
  - Radios & Communication Rent
  - Tractor Pull Sled Rental
  - Miscellaneous Equipment & Machinery Used for Repair
- 7890 Rent/Lease – Other
  - Motel Rooms During the Fair (Pageant Prep)
  - Flowers and Shrubbery for Grounds

# Uniform System of Accounting for Agricultural Societies

## Appendix A Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

### **7900 Capital Outlay**

7910 Land

7920 Buildings

- Building of New Structures
- Major Overhaul of Existing Structures

7930 Motor Vehicles

- Trucks
- Tractors
- Golf Carts

7940 Equipment

- Machinery Purchases
- Large Volume of Tables and Chairs

7990 Other

- Paving of Roads
- Rewiring Electrical System
- Major Overhaul of Phone, Sewer, Gas or Water Line Systems

### **8000 DEBT SERVICE**

8010 Principal – Notes

- Short Term Operating Loans
- Unsecured Line of Credit

8020 Principal - Loan (Intermediate Loans)

- Collateralized Equipment & Machinery Loans

8030 Mortgage Payments

- Building & Land Loans

8040 Interest Payments

- Should Be Individually Listed by Each Loan

8050 Trustee/Fiscal Agent Fees

8090 Other Financing Uses & Fees

- Checking Account Service Charges
- Non Sufficient Fund Charges
- Closing Costs
- Other Bank Fees

### **9000 FAIR EXPENSES**

#### **9100 Senior Fair and Open Class Expenses**

9110 Senior Fair & Open Class Judges

- Judges Compensation
- Lodging, Travel & Meal Expenses for Judges

9120 Senior Fair & Open Class Premiums, Trophies, and Ribbons

- Purchases of All Ribbons & Trophies
- Premiums Paid to Winning Participants

9190 Other Senior & Open Class Fair Expenses

# Uniform System of Accounting for Agricultural Societies

## Appendix A Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes

### 9200 Contest Expenses

#### 9210 Contest Judges

- Judges Compensation
- Lodging, Travel & Meal Expenses for Judges

#### 9220 Contest Premiums Trophies & Ribbons

- Purchases for Trophies & Ribbons
- Tractor Pull Prize Money
- Draft Horse Pull Prize Money
- Demo Derby Prize Money
- Showmanship Premiums
- Sheep Shearing
- Horse Shoe Pitching
- Fiddlers Contest
- Cheerleader Contest
- Band Contest
- Kiddie Tractor Pull

#### 9290 Other Contest Expenses

- Coordinators Compensation For Contest Set-Ups

### 9300 Junior Fair Expenses

#### 9310 Junior Fair Judges

- Judges Compensation
- Lodging, Travel & Meal Expenses for Judges

#### 9320 Junior Fair Premiums, Trophies Ribbons

- Purchases for Trophies & Ribbons
- Premiums Paid to Winning Participants
- Expenses of Other Non Cash Awards

#### 9390 Other Junior Fair Expenses

- Junior Fair Convention Expenses
- Junior Fair Annual Budget Expenses
- Junior Fair Meal Expenses
- Junior Fair Postage Expenses
- King & Queen Contest Expenses
- Miscellaneous Junior Fair Expenses

### 9400 Other Fair Expenses

#### 9410 Other Judges Expenses

#### 9420 Other Premiums, Trophies, Ribbons

#### 9490 Other Fair Expenses

- Livestock Sale Expenses (Financial Statement Should Be Monitored for All Inflows & Outflows of Money)
- Meal Money for Fair Labor
- Miscellaneous Lunch Programs (Excluding Directors)
- Church Service Expenses
- High School Band Entertainment

### 9700 Other Miscellaneous Expenses

## **Uniform System of Accounting for Agricultural Societies**

### **Appendix A**

#### **Agricultural Society Chart of Accounts and Detailed Description of Receipt and Disbursement Codes**

9710 - Non Sufficient Fund Check Expenses (Check Write-Offs)

9720 - Reimbursements

9730 - Refunds of Deposits for Rentals, Buildings and Grounds

9790 - Other Miscellaneous Expenses

- When No Other Category Fits (Last Result) Enter as a Miscellaneous Expense

## **Appendix B**

### **Compliance Supplement for Ohio Agricultural Societies**

This appendix summarizes laws and regulations applicable to most agricultural societies. Sections 1 through 6 summarize laws compliance with which is deemed by the Auditor of State to be direct and material to most Ohio agricultural societies. Section 7 summarizes laws and regulations that are considered not to be direct and material in most instances, but which remain matters of significant public interest and into which field auditors are expected to inquire about compliance.

While sections 1 through 7 of the appendix contain most laws and regulations of interest to Ohio agricultural societies, boards of directors and management should remain aware that contracts, debt agreements, and federal grants or awards may impose additional compliance requirements not contained in this appendix. Compliance with these additional requirements remains the responsibility of the agricultural society and will be evaluated by audit staff as part of their regular financial audit. Agricultural societies may contact the Auditor of State's office to discuss any potential additional compliance requirement not specified in this appendix.

**Appendix B**  
**Compliance Supplement for Ohio Agricultural Societies**

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**1. Compliance Requirement:** An Agricultural Society is not required to follow the budgetary statutes within ORC Chapter 5705. However, GASB Codification 2400.103 requires presenting budgetary comparisons if the legislative authority adopts an appropriated\* budget. If the authority over expends its budget, we should consider whether it is material noncompliance for the GAGAS report. We would cite noncompliance with the Board resolution that adopted the budget.

*[Insert applicable budgetary requirements.]*

\*An appropriation is authorization to expend money.

<b>In determining how the government ensures compliance, consider the following:</b>	<b>What control procedures address the compliance requirement?</b>	<b>W/P Ref.</b>
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals</li> <li>-- Knowledge and Training of personnel</li> <li>-- Periodic Reviews/Comparisons of Budgeted and Actual Amounts</li> <li>-- Presence of Effective Accounting System</li> <li>-- Legislative and Management Monitoring</li> <li>-- Management-s identification of changes in laws and regulations</li> <li>-- Management-s communication of changes in laws and regulations to employees</li> </ul>		

<b>Suggested Audit Procedures - Compliance (Substantive) Tests</b>	
<p>Read the minutes and determine if an appropriated budget was adopted.</p> <p>Inquire (or determine from reading the minutes) if amended or supplemental measures have been passed.</p> <p>Inspect the government-s records throughout the period to determine if updates and adjustments were properly and timely posted.</p> <p>Match the appropriated budget, amendments, supplements and transfers with resolutions or ordinances.</p> <p>Compare disbursements with appropriations at the legal level of control.</p>	
<p><b>Audit Implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>	

**2. Compliance Requirements: Ohio Rev. Code Sections 4115.04 and 4115.05 - Prevailing wage rates.**

**Summary of Requirements:** The prevailing wage laws essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined. They then need to make sure that the contractors who are awarded the contracts agree, in the contract, to pay the prevailing wage.

Bidding and prevailing wage are separate and distinct requirements that operate independently of each other. A threshold dollar amount must first be met for prevailing wage to apply. It is possible for the bidding threshold to be met without having met the prevailing wage threshold.

- Every public authority authorized to contract for or construct with its own forces a public improvement, before advertising for bids or undertaking such construction with its own forces, shall have the director of commerce determine the prevailing rates of wages of mechanics and laborers in accordance with section 4115.05 of the Revised Code for the class of work called for by the public improvement, in the locality where the work is to be performed. Such schedule of wages shall be attached to and made part of the specifications for the work, and shall be printed on the bidding blanks where the work is done by contract. [4115.04(A)]
- "Construction" means either of the following:
  - (1) Any new construction of any public improvement, the total overall project cost of which is fairly estimated to be more than fifty thousand dollars adjusted biennially by the director of commerce pursuant to section 4115.034 of the Revised Code and performed by other than full-time employees who have completed their probationary periods in the classified service of a public authority; [4115.03(B)(1)]<sup>1</sup>
  - (2) Any reconstruction, enlargement, alteration, repair, remodeling, renovation, or painting of any public improvement, the total overall project cost of which is fairly estimated to be more than fifteen thousand dollars adjusted biennially by the administrator pursuant to section 4115.034 of the Revised Code and performed by other than full-time employees who have completed their probationary period in the classified civil service of a public authority. [4115.03(B)(2)]<sup>1</sup>

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<sup>1</sup> There are separate thresholds for new construction and reconstruction. Through December 31, 2001 the thresholds were \$58,985 (new) and \$17,687 (reconstruction). Effective January 1, 2002 and through December 31, 2003 the thresholds are \$62,549 (new) and \$18,764 (reconstruction).

<p>➤ Exceptions:</p> <p>\$ When a project is receiving federal funding, prevailing wage law does not apply if the Davis Bacon Act, which is a federal prevailing wage law, applies instead.</p> <p>If you are conducting a federal single audit, and this provision applies, consult with Accounting and Auditing Support</p> <p>\$ If contractors are using employees that are taking part in certain programs established by the Bureau of Employment Services, prevailing wages do not apply to these individuals.</p>		
<p><b>In determining how the government ensures compliance, consider the following:</b></p>	<p><b>What control procedures address the compliance requirement?</b></p>	<p><b>W/P Ref.</b></p>
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals</li> <li>-- Knowledge and Training of personnel</li> <li>-- Oversight Body Monitoring</li> <li>-- Management-s identification of changes in laws and regulations</li> <li>-- Management-s communication of changes in laws and regulations to employees</li> </ul>		
<p><b>Suggested Audit Procedures - Compliance (Substantive) Tests</b></p>		
<p>Inquire if the contract is funded in whole or part by federal grant or contract. If so, perform appropriate federal audit procedures.</p> <p>Inspect contracts exceeding the threshold for the required "prevailing wage" language.</p> <p>Compare the date of prevailing wage establishment with the contract date. If more than 90 days elapsed between the two dates, determine that a prevailing wage redetermination was obtained by inspecting that document.</p> <p>Determine if the Ag Society monitors payment of actual salary payments compared to the prevailing wage rates.</p>		
<p><b>Audit implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>		



**3-A. Compliance Requirement:** Ohio Rev. Code Sections 1711.18 Issuance of county bonds to pay debts of county society, 1711.19 Bonds, 1711.20 Levy for payment of bonds, and 1711.21 Use of money raised by county taxation.

**Summary of Requirements:** In a county in which there is a county agricultural society indebted fifteen thousand dollars or more and such society has purchased a fairground or title to such fairground is vested in fee in the county, the board of county commissioners shall submit to the electors of the county whether or not county bonds shall be issued and sold to liquidate such indebtedness. If a majority of the voters vote in favor thereof, the board of county commissioners shall issue and sell bonds of the county in the amount necessary. Such bonds shall bear interest at not more than the rate **determined in or pursuant to the proceedings for the securities adopted by the legislative authority**, payable semiannually, and shall be issued for a period of not less than ten nor more than twenty years.

From the proceeds arising from the sale of such bonds, the board shall pay off the indebtedness for which such bonds were sold. The board of county commissioners shall levy a tax upon all the taxable property on the tax duplicate of the county for the purpose of paying such bonds as they mature and the interest thereon.

When money has been raised by taxation by a county for the purpose of leasing lands for county fairs, erecting buildings for county fair purposes, or making improvements on a county fairground, or for any purpose connected with the use of a county fairground or with the management thereof by a county agricultural society, such money shall be used for such purpose only.

In determining how the government ensures compliance, consider the following:	What control procedures address the compliance requirement?	W/P Ref.
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals</li> <li>-- Knowledge and Training of personnel</li> <li>-- Bond Counsel/Lender Involvement</li> <li>-- Legislative and Management Monitoring</li> <li>-- Management-s identification of changes in laws and regulations</li> <li>-- Management-s communication of changes in laws and regulations to employees</li> </ul>		

<b>Suggested Audit Procedures - Compliance (Substantive) Tests</b>	
<p>Inspect financial records and determine if an indebtedness exists.</p> <p>By reading the minutes, inspecting bond ledgers or other documents, or by inquiry, determine if the County has issued bonds for the Society.</p> <p>Inspect the bonds, noting if the debt is issued for a period of not less than ten nor more than twenty years.</p> <p>Inspect the bonds for the statement that the debt is payable solely from the tax levy pledged for their payment as authorized by Ohio Rev. Code Section 1711.20.</p>	
<p><b>Audit Implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>	

<p><b>3-B. Compliance Requirement:</b> Ohio Rev. Code Sections 1711.25 to 1711.30 <b>Sale, lease, purchase, and exchange of sites by county society; payment for new site by county funds or bonds; tax levy; and approval by electors.</b></p> <p><b>Summary of Requirements:</b> A county agricultural society may secure a different site to conduct its annual fair. If this occurs, auditors should review the Ohio Revised Code Sections listed above and develop appropriate audit procedures.</p>		
<p><b>In determining how the government ensures compliance, consider the following:</b></p>	<p><b>What control procedures address the compliance requirement?</b></p>	<p><b>W/P Ref.</b></p>
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals</li> <li>-- Knowledge and Training of personnel</li> <li>-- Bond Counsel/Lender Involvement</li> <li>-- Legislative and Management Monitoring</li> <li>-- Management-s identification of changes in laws and regulations</li> <li>-- Management-s communication of changes in laws and regulations to employees</li> </ul>		
<p><b>Suggested Audit Procedures - Compliance (Substantive) Tests</b></p>		
<p>By reading the minutes, determine is the Society procured a different site, acquired or disposed of land where the annual fair is held. If so, review the code sections above for specific requirements.</p>		
<p><b>Audit Implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>		

**4. Compliance Requirements:** Ohio Admin. Code Sections 117-10-01 Financial reporting and accounting for county agricultural societies and independent agricultural societies.

**Summary of Requirement:** Each county agricultural society and independent agricultural society shall, for financial reporting and accounting purposes, record and report all financial transactions on a fiscal year basis beginning on December 1 and ending November 30. Societies shall record and report all financial transactions in accordance with the handbook titled, "Uniform System of Accounting for Agricultural Societies" issued October 1988 by the Auditor of State.<sup>2</sup>

<b>In determining how the government ensures compliance, consider the following:</b>	<b>What control procedures address the compliance requirement?</b>	<b>W/P Ref.</b>
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals</li> <li>-- Knowledge and Training of personnel</li> <li>-- Presence of an Effective Accounting System</li> <li>-- Legislative and Management Monitoring</li> <li>-- Management's identification of changes in laws and regulations</li> <li>-- Management's communication of changes in laws and regulations to employees</li> </ul>		

<sup>2</sup> The Auditor of State also requires by rules, that certain public offices follow a prescribed uniform chart of accounts and/or establish a fund accounting system to demonstrate legal compliance, financial accountability and to provide management with information for decision making. These rules can be found in Chapter 117 of the Ohio Administrative Code. As a matter of accountability and internal control, each public office should account for financial activities using an accounting system which demonstrates legal compliance; follows a documented chart of accounts appropriate for its particular activities; and is supported by appropriate subsidiary ledgers/journals. When a public office fails to maintain such an accounting system, auditors should consider whether the failure constitutes a reportable internal control weakness.

<b>Suggested Audit Procedures - Compliance (Substantive) Tests</b>	
<p>Inquire and verify the Society's fiscal year is December 1 through November 30.</p> <p>Obtain the handbook titled "Uniform System of Accounting for Agricultural Societies" from the Society and compare its requirements with the systems and records the Society is using.</p> <p>Determine if:</p> <ul style="list-style-type: none"><li>• The required chart of accounts is being used.</li><li>• A cash journal, a receipts ledger, an expense ledger, and an investment ledger are being used.</li><li>• The prescribed formats for accounting and reporting information are being utilized (including receipts, purchase orders, vouchers, checks, and bank reconciliations)</li></ul>	
<p><b>Audit implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>	

**5. Compliance Requirement:** Ohio Rev. Code Chapter 135-Uniform Depository Act requirements are applicable to an Agricultural Society.

**Summary of Requirement-**See the following sections in the 2002 revision of the Ohio Compliance Supplement (OCS):

Section 135.14 and 133.03(A)(1) - Eligible investments for interim monies; section 135.13, maturities. (OCS Section 5-1 (a))

Sections 135.14 and 133.03(A)(1) - Other Requirements (OCS Section 5-1 (b))

Section 135.14 - Additional investments allowable for subdivisions other than counties (OCS Section 5-2)

Sections 135.18 (specific collateral) and 135.181 (pooled collateral) - Security for repayment of public deposits (OCS Section 5-4).

Article XII, Section 5a, Ohio Constitution; Ohio Rev. Code Sections 135.21, 135.351, 5705.10 and 5705.131; 1982 Op. Atty Gen. No. 82-031, and 7 CFR Part 210.14(a) - Allocation of interest among funds. (OCS Section 5-5)

Section 135.03 - Eligible depositories, Sections 135.07 and 135.09 - Award of inactive and interim deposits, respectively, Section 135.12 - Designation of depositories (OCS Section 7-30)

Section 135.22 - Subdivision treasurers must complete annual continuing education programs provided by the Treasurer of State. (OCS Section 7-31)

<p><b>In determining how the government ensures compliance, consider the following:</b></p>	<p><b>What control procedures address the compliance requirement?</b></p>	<p><b>W/P Ref.</b></p>
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals</li> <li>-- Knowledge and Training of personnel</li> <li>-- Periodic Reviews/Comparisons of Budgeted and Actual Amounts</li> <li>-- Presence of Effective Accounting System</li> <li>-- Legislative and Management Monitoring</li> <li>-- Management-s identification of changes in laws and regulations</li> <li>-- Management-s communication of changes in laws and regulations to employees</li> </ul>		

**Sample Questions and Procedures:**

Although the Uniform Depository Act (UDA) applies to Agricultural Societies, the Auditor of State will not start auditing this compliance until the third phase of agricultural society audits (FY 12/01/02 to 11/30/03) Therefore, if you are auditing phase 1 (FY 01) or a phase 2 (FY 02) agricultural society and they do not comply with UDA requirements, we will not issue a noncompliance citation. Rather, we should issue a management letter comment indicating compliance with UDA will be required in the future.

1. Are you aware you have to comply with Section 135 of the Ohio Revised Code (Uniform Depository Act)?
2. What are your procedures for ensuring compliance with the Uniform Depository Act?
3. Determine if deposits and investments are in compliance with the requirements listed above.
4. If applicable, please show me your continuing education program certificates of completion .

**Audit implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):**

**6-A Compliance Requirement:** Ohio Rev. Code Section 9.833 - Health Care Self Insurance

**Summary of Requirement:** This section requires individual, self-insured governments or joint self-insured health-care programs to calculate (i.e., reserve\*) amounts required to cover health care benefit liabilities. It also requires programs to prepare a report, within 90 days after the fiscal year-end, reflecting those reserves (i.e., liabilities) and the disbursements made to pay self-insured claims, legal and consultant costs during the preceding fiscal year. This report is not filed with any office, including the Auditor of State; it should be retained by the government and be made available upon request.

An actuary must certify that the amounts reserved are fairly stated in accordance with sound loss reserving principles. The actuary must be a member of the American Academy of Actuaries.

Individual governments subject to this requirement must establish an internal service fund to account for this activity.

The aforementioned requirements do not apply to counties, townships, and municipalities.

\*AReserved® means liabilities measured in accordance with accepted actuarial principles.

Note: Auditors should also refer to Auditor of State Bulletin 2001-05.

In determining how the government ensures compliance, consider the following:	What control procedures address the compliance requirement?	W/P Ref.
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals</li> <li>-- Knowledge and Training of personnel</li> <li>-- Tickler Files</li> <li>-- Legislative and Management Monitoring</li> <li>-- Management's identification of changes in laws and regulations</li> <li>-- Management's communication of changes in laws and regulations to employees</li> </ul>		

<b>Suggested Audit Procedures - Compliance (Substantive) Tests</b>	
<p>Secure a copy of the annual report:</p> <ul style="list-style-type: none"> <li>\$ Determine if the government established an internal service fund to account for this activity.</li> <li>\$ Determine whether a report presenting the actuarially-measured liabilities and disbursements during the year was obtained within 90 days of fiscal year end.</li> <li>\$ Inspect the actuary-s certificate that the amounts reserved conform with accepted loss reserving standards</li> </ul> <p>Review the actuary-s report, and perform other procedures to determine whether information the client submitted to the actuary is supported by the client-s accounting or other applicable records. (This step (i.e., testing information the client provides to the actuary) may be necessary to comply with Statement on Auditing Standard No. 73, <i>Using the Work of a Specialist</i>. SAS 73 (AU 336) is applicable when the actuary-s liability calculation is accrued as a GAAP liability or presented in a cash-basis entity-s notes.)</p> <p>Determine whether the actuary-s opinion language (including the scope of the work) generally complied with the example described in the AActuarial Opinions@ section of Auditor of State Bulletin 2001-05.</p> <p>Consider whether any qualification in the actuary-s report affects the financial statement opinion or indicates noncompliance with 9.833.</p> <p>Determine if a cash-basis government-s audited statements disclose self-insurance activity based on the example disclosure in Bulletin 2001-05. (For cash-basis entities, an inability to adequately calculate and present the liability may constitute a qualification related to the adequacy of disclosure.)</p>	
<p><b>Audit implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>	

**6-B. Compliance Requirement:** Ohio Rev. Code Section 2744.081 - Liability Self Insurance

**Summary of Requirement:** This section requires joint self-insurance programs (such as governmental self-insurance pools) insuring against judgments, settlement of claims, expense, loss and damages that arise, or are claimed to have arisen, from an act or omission of the subdivision or any of its employees and to indemnify or hold harmless the subdivision's employees, to reserve\* amounts to cover potential costs. It also requires the program to prepare a report, within 90 days after the program's fiscal year-end, reflecting those reserves (i.e., liabilities) and the disbursements made to pay self-insured claims, legal and consultant costs during the preceding fiscal year. This report is not filed with any office, including the Auditor of State; it should be retained by the government and be made available upon request.

An actuary must certify that the amounts reserved are fairly stated in accordance with sound loss reserving principles. The actuary must be a member of the American Academy of Actuaries.

The aforementioned requirements apply only to governmental risk pools or other joint governmental liability insurance programs.

\*@Reserve@ means liabilities measured in accordance with accepted actuarial principles.

Note: Auditors should also refer to Auditor of State Bulletin 2001-05.

<b>In determining how the government ensures compliance, consider the following:</b>	<b>What control procedures address the compliance requirement?</b>	<b>W/P Ref.</b>
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals</li> <li>-- Knowledge and Training of personnel</li> <li>-- Tickler Files</li> <li>-- Legislative and Management Monitoring</li> <li>-- Management's identification of changes in laws and regulations</li> <li>-- Management's communication of changes in laws and regulations to employees</li> </ul>		

<b>Suggested Audit Procedures - Compliance (Substantive) Tests</b>	
<p>Secure a copy of the pool-s (or joint government) annual report:</p> <ul style="list-style-type: none"> <li>\$ Determine whether a report presenting the actuarially-measured liabilities and disbursements during the year was obtained within, 90 days of fiscal year end.</li> <li>\$ Inspect the actuary-s certificate that the amounts reserved conform with accepted loss reserving standards,</li> </ul> <p>Review the actuary-s report, and perform other procedures to determine whether information the client submitted to the actuary is supported by the client-s accounting or other applicable records. (This step (i.e., testing information the client provides to the actuary) may be necessary to comply with Statement on Auditing Standard No. 73, <i>Using the Work of a Specialist</i>. SAS 73 (AU 336) is applicable when the actuary-s liability calculation is accrued as a GAAP liability or presented in a cash-basis entity-s notes.)</p> <p>Determine whether the actuary-s opinion language (including the scope of the work) generally complied with the example described in the AActuarial Opinions® section of Auditor of State Bulletin 2001-05.</p> <p>Consider whether any qualification in the actuary-s report affects the financial statement opinion or indicates noncompliance with 2744.081.</p> <p>Determine if a cash-basis government-s audited statements disclose self insurance activity based on the example disclosure in Bulletin 2001-05. (For cash-basis entities, an inability to adequately calculate and present the liability may constitute a qualification related to the adequacy of disclosure.)</p>	
<p><b>Audit implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>	

**6-C. Compliance Requirement:** Ohio Rev. Code Sections **3769.01, 3769.04, and 3769.06** **Horse-racing permit is required**, application for permit, and renewal of permit.

**Summary of Requirement:** No person, association, corporation, or trust shall hold, conduct, assist, or aid and abet in holding or conducting any meetings, at which horse racing is permitted for any stake, purse, or award unless such person, association, corporation, or trust secures a permit to conduct a horse-racing meeting.

Any person, association, corporation, or trust desiring to hold or conduct a horse-racing meeting, wherein the parimutuel system of wagering is allowed, shall make application to the state racing commission (commission) for a permit to do so. Each application, accompanied by a permit fee of ten dollars and a cash bond, certified check, or bank draft, shall be filed with the commission at least five days prior to the first day of each horse-racing meeting that the person, association, corporation, or trust proposes to hold or conduct. The application, if made by an association, trust, or corporation, shall be signed by its president or vice-president and attested by the secretary or assistant secretary under the seal of the association, trust, or corporation, if it has a seal, and shall also be verified under oath by one of the officers signing the application.

Each permit issued under this section to hold or conduct a horse-racing meeting shall be issued for one year from the first day of January of the year for which it is issued. The holder of such permit shall be entitled to renewal of the permit upon application to the commission for a renewal

<b>In determining how the government ensures compliance, consider the following:</b>	<b>What control procedures address the compliance requirement?</b>	<b>W/P Ref.</b>
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals, including copies of the applicable sections of Ohio Revised Code Section 3769</li> <li>-- Knowledge and Training of personnel</li> <li>-- Tickler Files</li> <li>-- Legislative and Management Monitoring</li> <li>-- Management-s identification of changes in laws and regulations</li> <li>-- Management-s communication of changes in laws and regulations to employees</li> </ul>		

<b>Suggested Audit Procedures - Compliance (Substantive) Tests</b>	
<p>Verify the application for the permit to conduct a horse-racing meeting was signed by its president or vice-president and attested by the secretary or assistant secretary and was verified under oath by one of the officers signing the application.</p> <p>Verify the required permit has been obtained and renewed annually.</p>	
<p><b>Audit implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>	

**6-D. Compliance Requirements:** Ohio Rev. Code Section 3769.082 Ohio fairs fund; distribution.

**Summary of Requirements:** Ohio fairs fund moneys shall be distributed by the director of agriculture annually, on or before the first day of March, as follows:

To each county agricultural society and to each independent agricultural society conducting an annual fair, a prescribed percentage of Ohio fairs fund money, to be allocated for general operations;

To each county agricultural society and each independent agricultural society conducting horse races (harness races or running races) during their annual fair, the sum of four thousand dollars, to be used as purse money for horse races in accordance with this section, and the additional sum of one thousand dollars to each such county agricultural society and independent agricultural society to be used for race track maintenance and other expenses necessary for the conduct of such horse races or colt stakes.

A grant of four thousand dollars shall be available to each county or independent agricultural society for the conduct of four stake races for two-year-old and three-year-old colts and for four stake races for two-year-old and three-year-old fillies at each gait of trotting and pacing; provided, that at least five hundred dollars shall be added to each race. Exclusive of entrance fees and the excess moneys provided below, the grant of four thousand dollars for purse money provided, a sum not to exceed three thousand dollars may be used by a society to reach the required purse for each of the eight stake races. Such stake races shall be distributed as evenly as possible throughout the racing season.

In the event that the moneys available on the first day of March of any year are less than that required above, the amount distributed from the Ohio fairs fund may be different than the amounts reflected above.

County agricultural societies and independent agricultural societies conducting stake races shall, on or before the first day of November in the year immediately preceding the year in which the moneys are to be distributed, make application for participation in such distribution to the director of agriculture on forms provided by the director.

Distribution of moneys for stake races shall not be paid to county agricultural societies and independent agricultural societies that conduct on their race courses automobile or motorcycle races during any year for which such distribution is requested, unless such automobile or motorcycle races are not conducted during the days and nights that horse racing is being conducted at such fair.

Any county agricultural society or independent agricultural society which uses the moneys distributed under this section for any purpose other than that provided in this section is not eligible to receive distribution from the Ohio fairs fund for a period of two years after such misuse of such moneys occurs.

<p><b>In determining how the government ensures compliance, consider the following:</b></p>	<p><b>What control procedures address the compliance requirement?</b></p>	<p><b>W/P Ref.</b></p>
<ul style="list-style-type: none"> <li>-- Policies and Procedures Manuals, including copies of the applicable sections of Ohio Revised Code Section 3769</li> <li>-- Knowledge and Training of personnel</li> <li>-- Legislative and Management Monitoring</li> <li>-- Ohio Department of Agriculture Monitoring</li> <li>-- Management-s identification of changes in laws and regulations</li> <li>-- Management-s communication of changes in laws and regulations to employees</li> </ul>		
<p><b>Suggested Audit Procedures - Compliance (Substantive) Tests</b></p>		
<p>Verify the Society receipted Ohio fairs fund in the State and Local fund</p> <p>Verify the Society uses money in accordance with the provisions of this section</p>		
<p><b>Audit implications (adequacy of the system and controls, and the direct and material effects of non-compliance, effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>		

**7-A Compliance Requirement:** Ohio Rev. Code Section 901.06, Ohio Rev. Code Section 117.38 - Filing of financial reports and Ohio Rev. Code Section 1711.05 Publication of treasurer's account

**Summary of Requirement:** Prior to the first day of December of each year, the director of agriculture shall set a date in January of the following year, on which the director shall meet with the presidents or other authorized delegates of agricultural societies which conduct fairs in compliance with sections 1711.01 to 1711.35, inclusive, of the Revised Code, and regulations of the department of agriculture. Each society shall deliver its annual report to the director at or before the January meeting.

Cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. Since the Auditor of State has not prescribed a form for the report, the Society shall file an annual report using the format **as suggested in the handbook titled, A Uniform System of Accounting for Agricultural Societies®**. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars.

Every county agricultural society annually shall publish an abstract of its treasurer's account in a newspaper of the county and make a report of its proceedings during the year.

#### Sample Questions and Procedures

1. Show me a copy of the annual report.
2. On what date did you file the report with the Director of Agriculture?
3. On what date did you file the report with the Auditor of State?
4. Please show me a proof of publication for the annual notice.

**Government Personnel Interviewed and Dates:**

**Documents Examined or Observations Made to Corroborate Inquiry:**

**W/P Ref.**

**Conclusion: (effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):**

<p><b>7-B Compliance Requirement:</b> Ohio Rev. Code Section 117.10 - Notification of Creation or Dissolution of Public Office.</p> <p><b>Summary of Requirement:</b> Any public office that is created or dissolved is required within 30 days to send notice to the Auditor of State's Office Clerk of the Bureau.</p>		
<p><b>Sample Questions and Procedures</b></p> <ol style="list-style-type: none"> <li>1. On what date did you file the notice with the Auditor of State?</li> <li>2. Please show me a copy of the notice which was sent.</li> </ol>		
<p><b>Government Personnel Interviewed and Dates:</b></p>	<p><b>Documents Examined or Observations Made to Corroborate Inquiry:</b></p>	<p><b>W/P Ref.</b></p>
<p><b>Conclusion: (effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>		

**7-C Compliance Requirement:** Ohio Rev. Code Section 9.38 - Deposits of public money.

**Summary of Requirement:** Public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection.

For example, a government employee other than the fiscal officer collecting funds and issuing a receipt must deposit the funds with the government's fiscal officer on the business day following the day of receipt. As an alternative to depositing the funds with the government's fiscal officer, the employee instead may deposit funds with the government's designated depository on the business day following the day of receipt.

If the amount of daily receipts does not exceed \$1,000 **and** the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (Ag Society) only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

**Note:** This section does not require that the fiscal officer deposit receipts with the designated depository on the business day following the day of receipt, or any other specified time. However, if the fiscal officer is holding significant amounts of cash and checks for an unreasonable period, an internal control recommendation should be made.

<p><b>Sample Questions and Procedures:</b></p> <ol style="list-style-type: none"> <li>1. What cash collection points receive significant amounts of cash?</li> <li>2. Where do they deposit cash (i.e., to the treasurer/finance director, or to certain banks, etc.)?</li> <li>3. How often do they make deposits? If deposits are not made on the business day after receipt, has a policy been adopted ?</li> <li>4. What is the approximate daily collection, other than during the annual Fair?</li> <li>5. If cash is not deposited daily, how is the cash safeguarded (is a safe or other access-limiting device used?)</li> </ol>		
<p><b>Government Personnel Interviewed and Dates:</b></p>	<p><b>Documents Examined or Observations Made to Corroborate Inquiry:</b></p>	<p><b>W/P Ref.</b></p>
<p><b>Conclusion: (effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>		

**7-D Compliance Requirement:** Ohio Rev. Code Section 121.22 - Meeting of public bodies to be open, exceptions, and notice.

**Summary of Requirement:** All meetings of any public body are declared to be public meetings open to the public at all times. A member of a public body must be present in person at a meeting open to the public to be considered present or to vote and for determining whether a quorum is present. The minutes of a regular or special meeting of any such public body shall be promptly recorded and open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions.

Every public body shall, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a special meeting unless it gives at least twenty-four hours advance notice to the news media that have requested notification, except in the event of any emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall notify the news media.

The members of a public body may hold an executive session only after a majority of a quorum of the public body determines, by a roll call vote, to hold such a session and only at a regular or special meeting for the sole purpose of the consideration of any of the following matters:

- (a) The appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee or officials, or the investigation of charges or complaints against a public employee, official, licensee, or regulated individual, unless the public employee, official licensee, or regulated individual requests a public hearing;
- (b) The purchase of property for public purposes, or for the sale of property at competitive bidding, if premature disclosure of information would give an unfair competitive or bargaining advantage to a person whose personal private interest is adverse to the general public interest.
- (c) Conducting conferences with an attorney for the public body, concerning disputes involving the public body that are the subject of pending or imminent court action.
- (d) Preparing for, conducting, or reviewing negotiations or bargaining sessions with public employees concerning their compensation or other terms and conditions of their employment.
- (e) Matters required to be kept confidential by federal laws or rules or state statutes.
- (f) Specialized details of security arrangements where disclosure of the matters discussed might reveal information that could be used for the purpose of committing or avoiding prosecution for a violation of the law.

A resolution, rule, or formal action of any kind is invalid unless adopted in an open meeting of the public body. A resolution, rule, or formal action adopted in an open meeting that results from deliberations in a meeting not open to the public is invalid unless the deliberations were for a purpose specifically authorized above.

<p><b>Sample Questions and Procedures</b></p> <ol style="list-style-type: none"> <li>1. What procedures does your [entity] have to notify the general public and news media of when and where meetings are to be held?</li> <li>2. Verify that the minutes of all public meetings are promptly recorded and available for public inspection.</li> <li>3. Review the minutes and determine if executive sessions are only held at regular or special meetings.</li> <li>4. Verify that executive sessions are only held for the purposes outlined above.</li> <li>5. Confirm that all formal actions of the governing board are adopted only in open meetings.</li> </ol>		
<p><b>Government Personnel Interviewed and Dates:</b></p>	<p><b>Documents Examined or Observations Made to Corroborate Inquiry:</b></p>	<p><b>W/P Ref.</b></p>
<p><b>Conclusion: (effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>		

**7-E Compliance Requirement:** Ohio Rev. Code Section 149.43 - Availability of public records

**Summary of Requirement:** ARecord® for purposes of the public records law, means any document, device, or item, regardless of physical form or characteristic, created, received by, or coming under the jurisdiction of any public office which serves to document the organization, functions, policies, decisions, procedures, operations, or other activities of the public office. APublic record® means any record that is kept by any governmental unit, including, but not limited to, state, county, city, village, township, and school district units, except medical records, records pertaining to adoption, probation, and parole proceedings, trial preparation records, confidential law enforcement investigatory records, records pertaining to actions under Section 2151.85 Ohio Revised Code, records listed in Section 3107.42(A), Ohio Revised Code, and records the release of which is prohibited by state or federal law.

All public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, governmental units shall maintain public records in such a manner that they can be made available for inspection.

Sample Questions and Procedures: Ascertain if responsible personnel are aware of the above requirements and have implemented local policies and procedures regarding:

1. What records are to be made available.
2. Times when records may be reviewed.
3. Costs for copies to be made.

<b>Government Personnel Interviewed and Dates:</b>	<b>Documents Examined or Observations Made to Corroborate Inquiry:</b>	<b>W/P Ref.</b>

**Conclusion: (effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):**

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**7-F Compliance Requirements:**

§ Internal Revenue Code (IRC) Chapter 26 [26 U.S.C.] - Collection of Income Tax at Source on Wages; 26 U.S.C. ' 3401 through ' 3406:

- ▶ ' 3401: Definitions;
- ▶ ' 3402: Withholding of income tax from wages;
- ▶ ' 3403: Employers liable for payment of the tax deducted and withheld;
- ▶ ' 3404: Return of amount deducted and withheld shall be made by appropriate officer of the governmental employer;
- ▶ ' 3405: Withholding on pensions and annuities;
- ▶ ' 3406: Backup withholding

§ 26 U.S.C. ' 3102(a): Deduction of [Medicare] tax from wages;

§ 26 U.S.C. ' 132: Exclusion of certain fringe benefits from gross income;

§ Internal Revenue Regulations (26 C.F.R.):

- ▶ ' 1.61-21: Taxation of fringe benefits;
- ▶ ' 1.6041-1: Reporting of income aggregating \$600 or more [i.e., 1099s-MISC]<sup>3</sup>;
- ▶ ' 1.6041-2: Reporting of wage income aggregating \$600 or more [i.e., W-2s];
- ▶ ' 1.6041-3: Various exclusions;
- ▶ ' 1.6041-6: Time and place for filing forms 1099 and 1096;
- ▶ ' 1.6050E-1: Income tax refund reporting.

§ Ohio Rev. Code ' 5747.06 - Collection of Ohio income tax at source.

§ Various local ordinances require withholding on wages earned in the particular municipality. These should be consulted for the requirements.

<sup>3</sup> Starting in 1999, all payments to attorneys of \$600 or more that are not otherwise reported (e.g., on form W-2 for attorneys who are employees) must be reported on form 1099-MISC. The exemption for payments to corporations no longer applies to payments for legal services.

**Summary of Requirement (continued):**

These sections of the various tax codes require the employing government to withhold federal, state, and local income and employment-related taxes (such as Medicare). They also require the government to report those tax matters to the appropriate tax authorities and to the recipients. Certain of these sections require consideration of whether employer-provided A fringe® benefits, such as use of government automobiles for private purposes, constitute taxable income to be reported and withheld upon.

Note: See Ohio Compliance Supplement Introduction regarding IRS Referrals.

**Sample Questions and Procedures**

1. What policies and procedures do you have to ensure that the [Entity] is withholding federal, state, and local income taxes as required?
2. How do you ensure that the withholdings are being transmitted periodically to the appropriate jurisdictions as required? Please show me a sample of your tax filing reports. Please show me how these agree with your payroll records.
3. Do you provide any of your employees with taxable fringe benefits, such as the use of a government owned vehicle, or an auto or uniform allowance? If so, how do you determine the amounts of the benefits to be reflected in the affected employees' Forms W-2? Please show me 1 or 2 employees- W-2s that reflect these amounts.
4. Did your government pay any independent contractor (other than a corporation) \$600 or more during this year? If so, please show me a few Forms 1099 that were issued.

**Government Personnel Interviewed and Dates:**

**Documents Examined or Observations Made to Corroborate Inquiry:**

**W/P Ref.**

**Conclusion: (effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):**

<p><b>7-G Compliance Requirement:</b> 5709.10 Exemption of County Fairground from Real Estate Tax.</p> <p><b>Summary of Requirement:</b> Property used as a county fairgrounds that is owned by the board of county commissioners or by a county agricultural society shall be exempt from taxation.</p>		
<p><b>Sample Questions and Procedures</b></p> <ol style="list-style-type: none"> <li>1. How do you ensure the Society does not pay real estate tax?</li> <li>2. Verify the Society did not pay real estate tax by scanning the disbursements included in Account # 7480.</li> </ol>		
<p><b>Government Personnel Interviewed and Dates:</b></p>	<p><b>Documents Examined or Observations Made to Corroborate Inquiry:</b></p>	<p><b>W/P Ref.</b></p>
<p><b>Conclusion: (effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>		

<p><b>7-H Compliance Requirement:</b> Ohio Rev. Code Section 1711.24 Insurance on county society's buildings.</p> <p><b>Summary of Requirement:</b> The board of county commissioners of a county in which there is a county agricultural society shall insure the buildings on the grounds of such society for the benefit of such society.</p>		
<p><b>Sample Questions and Procedures</b></p> <ol style="list-style-type: none"> <li>1. Does the County insure the buildings on the grounds of the Society?</li> <li>2. Is the amount of the insurance adequate considering the value of the buildings and contents?</li> </ol>		
<p><b>Government Personnel Interviewed and Dates:</b></p>	<p><b>Documents Examined or Observations Made to Corroborate Inquiry:</b></p>	<p><b>W/P Ref.</b></p>
<p><b>Conclusion: (effects on the audit opinions and/or footnote disclosures, reportable conditions/material weaknesses, and management letter comments):</b></p>		