



Ohio Senate Finance Committee

Opponent Testimony on Substitute HB 33

Ohio High School Athletic Association

June 8, 2023

Chairman Dolan, Vice Chair Cirino, Ranking member Sykes, and members of the Ohio Senate Finance Committee:

Thank you for the opportunity to submit written information about the Ohio High School Athletic Association and its policy covering the admission to its athletic events and those events of its member schools. We apologize for being unable to attend in person today due to obligations at our state baseball tournament being run in Akron, Ohio.

The Ohio High School Athletic Association is a private, not-for-profit, unincorporated association. Membership in the organization is completely voluntary, and we are currently made up of 818-member high schools and approximately 750-member 7/8 grade schools. 100% of Ohio's public school districts are members of the association, and approximately 20% of our membership is made up of chartered non-public schools. Our policies are approved by the membership as a whole and we are led by a governing board made up of individuals representing all segments of our membership demographic.

We are writing today to address the proposed language in Substitute House Bill 33 found in section Sec. 3313.5319. (A). This section would require the OHSAA and all its member schools to accept cash for a ticket to a school-affiliated event. Though some schools do currently accept cash, we are fearful of a state mandate that would require our organization, and those local communities who have found that online ticketing works best for their local communities, to now require cash payments.

From our organization's perspective, the number one reason we use online ticketing is for accurate and timely reporting of sales. **We host over 6,000 off-site events at over 800 venues around the state.** These events are run by our District Athletic Boards and various school personnel for sectional and district tournaments. The OHSAA staff, comprised of 21 fulltime people, cannot physically be at each of the 6,000 events annually and would therefore have to rely on the host venue to staff a "cash box," supply the cash for "change" and account for the cash in their school records, as well as then transfer the cash via check or ACH to OHSAA. There would also be additional costs to go back to printing tickets for all our events, costs for mailing tickets to our tournament sites for our office and additional time and costs associated with reconciliation for all involved.

Moving forward with this mandate would also directly contradict our auditors' recommendations, as well as the Auditor of the State Bulletin 2022-007 from July 26, 2022, addressing "*Ohio High School Athletic Association (OHSAA) Money.*" We have attached a copy of the bulletin to this testimony for your reference. Accepting cash for any transaction requires significant risk and tight procedures for the organization accepting it. This gets exasperated if that organization accepting it is not the ultimate owner of the revenue the cash sale represents, which would be OHSAA's situation. Accepting cash puts a significant burden on OHSAA, but more importantly, member schools and other host venues. The chain of custody and audit trail for the cash is unmanageable at best and non-existent at worst. An accounting and auditing "no-no." The OHSAA would be placed in a "significant risk" factor of under reporting and under collecting sales.

In order to accommodate for those unable to purchase tickets online, this past fall the OHSAA made it even easier at some venues for the public fans by offering the ability to purchase tickets at the gate just by swiping their credit/debit card or using Apple pay or Google pay (which is like digital cash if tied to their bank account instead of credit card.) This is available at all venues where the host site/school has compatible card reader equipment.

Further, we have obtained feedback from the Commissioner of the Ohio Capital Conference, which is one of the largest high school athletic conferences in the state. Comprised of 32 public schools located primarily in suburban Columbus, approximately 90% of these schools accept only online payments for their admission, and that number is closer to 100% for Friday Night Football. This decision, implemented during the Covid-19 pandemic, has eliminated the need to pay for extra security at events to chaperone a late-night deposit. It has increased revenue, due to an accountable, reliable system, and made for more timely reporting to district treasurers. These revenue increases, both at the OHSAA and within our member schools, have demonstrated that errors, whether intentional or unintentional, were happening with cash sales. With online ticketing, there are no longer reconciling errors, missing cash, missing tickets, under-reported or over-reported sales.

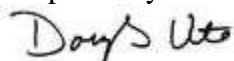
And even moreover, from an administrative standpoint, the Commissioner also pointed out the logistical challenges of requiring cash payments at his schools. There will be a need for additional personnel at ticket gates and there will be longer lines to obtain entrance to the facilities. Additionally, as minor as it sounds, the concept of having the proper change (bills) for cash transactions can be a big problem, ask any athletic administrator.

Lastly, with respect to the required payment of cash for concessions, many of our events are hosted at larger venues, including college arenas. These facilities only accept digital payments and are not set up to accept cash payments. If we are forced to move away from these facilities for our state tournament events due to this mandate, students around Ohio will lose out on opportunities to play in some of the best facilities in the state (i.e. The Ohio State University, University of Dayton, Wright State University, The Pro Football Hall of Fame, etc.).

In conclusion, having explained our current ticketing procedures and the reasoning behind them, we are hopeful that this topic can be addressed on a case-by-case basis, as opposed to a state mandate. Some schools do still accept cash as a form of payment, but please do not place this mandate on schools who elect not to do so when local control and choice is paramount. We want to ensure compliance with all auditor recommendations and believe we are implementing best practices while still accommodating fans who are unable/unwilling to purchase online tickets.

Please contact our office with any additional questions about these procedures.

Respectfully submitted,

A handwritten signature in black ink that reads "Doug Ute". The signature is written in a cursive, slightly slanted style.

Doug Ute, OHSAA Executive Director

OHIO AUDITOR OF STATE KEITH FABER



**Auditor of State
Bulletin 2022-007**

DATE ISSUED: July 26, 2022

TO: School Districts
Independent Public Accountants
Ohio High School Athletic Association

FROM: Keith Faber
Ohio Auditor of State

SUBJECT: Ohio High School Athletic Association (OHSAA) Money

Bulletin Purpose

The purpose of this bulletin is to update the guidance related to accounting for Ohio High School Athletic Association (OHSAA) tournament monies. In 2013, Auditor of State Bulletin 2013-005 was issued indicating:

To increase financial accountability over athletic tournaments, the Ohio High School Athletic Association (OHSAA) is recommending school districts account for OHSAA tournament monies through an agency fund. To accommodate this, school districts may use a cost center within fund 022. This communication serves as the authorization Ohio Revised Code 5705.12 requires to establish this fund. (No additional Auditor of State approval is required/needed to set up this cost center.) This cost center is intended to be a clearing account to distribute tournament monies to other funds of the school district and to the OHSAA. At the conclusion of the tournament, the cost center should not have any remaining balance.

Background

With OHSAA ticket sales having moved online, host schools do not receive proceeds from ticket sales and no longer need to use a cost center within fund 022 as a clearing account to distribute these tournament monies to other funds of the school district and to the OHSAA. Costs of hosting OHSAA tournaments and the subsequent reimbursement/flat fee received from the OHSAA

should be recorded in the District Managed Student Activity Fund (Fund 300) or the general fund, as appropriate.

Per OHSAA guidance, checks collected for radio station fees should be made out to the OHSAA with the host school forwarding the checks to the OHSAA. If checks for radio station fees are made out to the host school or are paid in cash, these amounts should be accounted for (including being subsequently remitted to the OHSAA) through the District Managed Student Activity Fund (Fund 300) or the general fund, as appropriate.

Implementation Date

This accounting treatment should be followed beginning with Fiscal Year 2023. Also, if there is an accumulated balance in the 022 special cost center this balance should be distributed to the District Managed Student Activity Fund (Fund 300) or the general fund, as appropriate.

Additional information related to handling tournament money is available from the OHSAA.

If you have any questions regarding the information in this Bulletin, please contact the Local Government Services staff of the State Auditor's Office at (800) 345-2519.



Keith Faber
Ohio Auditor of State