



**ERIE COUNTY AGRICULTURAL SOCIETY
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

**ERIE COUNTY AGRICULTURAL SOCIETY
ERIE COUNTY**

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Mary Taylor, CPA
Auditor of State

Agricultural Society
Erie County
P. O. Box 2436
Sandusky, Ohio 44870 - 2436

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 20, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society
Erie County
P. O. Box 2436
Sandusky, Ohio 44870-2436

To the Board of Directors:

We have audited the accompanying financial statements of the Agricultural Society, Erie County, (the Society) as of and for the years ended November 30, 2009 and 2008. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audits to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended November 30, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Agricultural Society, Erie County, as of November 30, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2010, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 20, 2010

**ERIE COUNTY AGRICULTURAL SOCIETY
ERIE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2009**

	2009	2008
Operating Receipts:		
Admissions	\$122,518	\$138,057
Privilege Fees	39,591	43,344
Rentals	74,237	88,242
Other Operating Receipts	41,458	37,812
 Total Operating Receipts	 277,804	 307,455
Operating Disbursements:		
Wages and Benefits	14,208	14,720
Utilities	27,625	32,310
Professional Services	66,424	74,353
Equipment and Grounds Maintenance	85,661	51,758
Senior Fair	54,971	51,153
Junior Fair	26,435	28,436
Capital Outlay	17,731	7,839
Other Operating Disbursements	59,625	50,273
 Total Operating Disbursements	 352,680	 310,842
 Operating Receipts Under Operating Disbursements	 (74,876)	 (3,387)
Non-Operating Receipts (Disbursements):		
State Support	6,560	7,300
County Support	2,800	2,800
Debt Proceeds		5,000
Donations/Contributions	57,268	36,802
Investment Income	441	
Non-Operating Receipts	132	
Sale of Fixed Assets		7,144
Debt Service		(5,104)
 Net Non-Operating Receipts (Disbursements)	 67,201	 53,942
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 (7,675)	 50,555
 Cash Balance, Beginning of Year	 56,544	 5,989
 Cash Balance, End of Year	 \$48,869	 \$56,544

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

**AGRICULTURAL SOCIETY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Agricultural Society, Erie County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1953 to operate an annual agricultural fair. The Society sponsors the week-long Erie County Fair during August. Erie County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-five directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Erie County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Erie County, Ohio.

Note 5 summarizes the Junior Livestock Sale Committee's financial activity.

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

B. Accounting Basis

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

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

C. Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

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

**AGRICULTURAL SOCIETY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Income Tax Status

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

2. CASH

The carrying amount of cash at November 30, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Demand deposits	\$23,428	\$56,544
Certificates of deposit	25,441	
Total deposits	<u>\$48,869</u>	<u>\$56,544</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. RISK MANAGEMENT

The Erie County Commissioners provide general insurance coverage for all the buildings on the Erie County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty under the general liability coverage.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2001.

4. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Erie County Fair.

The Junior Fair Board activity is accounted for in the accounting records of the Society and is reflected in the accompanying financial statements. The Society subsidizes the Junior Fair Division to the extent necessary each year.

**AGRICULTURAL SOCIETY
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2009 AND 2008
(Continued)**

5. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Erie County's auction. A commission of 3 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2009 and 2008 follows:

	2009	2008
Beginning Cash Balance	\$ 2,997	\$ 4,395
Receipts	159,753	165,021
Disbursements	<u>(159,218)</u>	<u>(166,419)</u>
Ending Cash Balance	<u>\$ 3,532</u>	<u>\$ 2,997</u>



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Agricultural Society
Erie County
P.O. Box 2436
Sandusky, Ohio 44870-2436

To the Board of Directors:

We have audited the financial statements of the Agricultural Society, Erie County, (the Society) as of and for the years ended November 30, 2009 and 2008, and have issued our report thereon dated May 20, 2010, wherein we noted the Society followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Society's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Society's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated May 20, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 20, 2010

**AGRICULTURAL SOCIETY
ERIE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Overpayment Treasurer salary	Yes	
2007-002	Line of credit payments unaccounted for	Yes	
2007-003	Receipts not deposited	Yes	
2007-004	Junior Livestock unsupported cash withdrawals	Yes	
2007-005	Membership revenues unaccounted for	Yes	
2007-006	Rental revenue unaccounted for	Yes	
2007-007	Sponsorship revenue unaccounted for	Yes	
2007-008	Financial Reporting – Material Weakness	Yes	



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

ERIE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 10, 2010**