



**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011



Dave Yost • Auditor of State

WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wyandot County Agricultural Society
Wyandot County
10171 State Highway 53 N
Upper Sandusky, Ohio 43351

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statement and related notes of the Wyandot County Agricultural Society, Wyandot County, Ohio, (the Society) as of and for the years ended November 30, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Society prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of Wyandot County Agricultural Society, Wyandot County, Ohio, as of November 30, 2012 and 2011, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 25, 2013

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011**

	2012	2011
Operating Receipts:		
Admissions	\$ 191,917	\$ 179,513
Taxes	268	360
Privilege Fees	67,722	61,370
Sales	5,150	10,798
Rentals	97,372	88,829
Sustaining and Entry Fees	16,260	31,350
Other Racing Fees and Charges	1,790	1,787
Parimutuel Wagering Commission	1,168	2,269
Other Operating Receipts	19,118	16,150
 Total Operating Receipts	 400,765	 392,426
Operating Disbursements:		
Wages and Benefits	51,533	52,798
Administrative	8,862	7,112
Utilities	81,695	73,926
Advertising	14,638	18,275
Professional Services	37,691	38,627
Equipment and Grounds Maintenance	97,302	103,482
Rent and Lease	12,077	12,890
Race Purse	33,024	48,134
Other Race Expenses	7,684	7,593
Senior Fair	14,180	16,042
Junior Fair	18,667	15,051
Capital Outlay	-	2,875
Other Operating Disbursements	42,366	36,774
 Total Operating Disbursements	 419,719	 433,579
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(18,954)	(41,153)
Non-Operating Receipts (Disbursements):		
State Support	18,729	19,524
County Support	3,300	3,300
Debt Proceeds	15,000	-
Restricted Donations/Contributions	13,725	11,300
Unrestricted Donations/Contributions	11,688	5,663
Investment Income	1	-
Debt Service	(16,083)	(2)
 Net Non-Operating Receipts (Disbursements)	 46,360	 39,785
Excess (Deficiency) of Receipts Over (Under) Disbursements	27,406	(1,368)
Cash Balance, Beginning of Year	32,020	33,388
Cash Balance, End of Year	\$ 59,426	\$ 32,020

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

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**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2012 AND 2011**

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 Wyandot County Agricultural Society, Wyandot County, Ohio, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1852 to operate an annual agricultural fair. The Society sponsors the week-long Wyandot County Fair during September. During the fair, harness races are held. Wyandot County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Wyandot County and pay an annual membership fee to the Society.

Reporting Entity

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

Notes 5 and 6, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

B. Accounting Basis

This financial statement follows 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.

This statement includes 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 statement does not report these items as assets.

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

F. Race Purse

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

Sustaining and Entry Fees

Horse owners and the Western Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

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

G. Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 3 for additional information.

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2012 AND 2011
(Continued)**

2. DEPOSITS AND INVESTMENTS

The carrying amount of deposits at November 30 was as follows:

	2012	2011
Demand deposits	\$59,426	\$32,020

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. HORSE RACING

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2012 and 2011 of \$14,486 and \$15,289, respectively, as State Support.

Pari-mutuel Wagering

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

	2012	2011
Total Amount Bet (Handle)	\$ 6,644	\$ 12,961
Less: Payoff to Bettors	(5,276)	(10,332)
Parimutuel Wagering Commission	1,368	2,629
Tote Service Set Up Fee	(200)	(200)
Tote Service Commission	(581)	(1,241)
State Tax	(200)	(360)
Society Portion	\$ 387	\$ 828

4. RISK MANAGEMENT

The Wyandot County Commissioners provide general insurance coverage for all the buildings on the Wyandot County Fairgrounds pursuant to Ohio Revised Code § 1711.24. Public Entities Pool of Ohio provides general liability and vehicle insurance, with limits of \$2,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. During the fair, this limit is increased to \$50,000. The Society's Secretary/Treasurer is bonded with coverage of \$20,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2013.

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2012 AND 2011
(Continued)**

5. 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 Wyandot County Fair. For the years ending November 30, 2012 and 2011, the Society disbursed \$18,667 and \$15,051, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. For both years ending November 30, 2012 and 2011, Wyandot County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2012 and 2011 follows:

	2012	2011
Beginning Cash Balance	\$ 9,300	\$ 8,794
Receipts	34,688	33,870
Disbursements	(32,639)	(33,364)
Ending Cash Balance	\$ 11,349	\$ 9,300

6. 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 Wyandot County's auction. Monies to cover the cost of the auction for 2012 were generated through a 5% commission on Grand and Reserve Grand Champions, 4% commission on all champions and reserve champions, and a 3% commission on all others, assessed on the auction price. Monies to cover the cost of the auction for 2011 were generated through a 6% commission on Grand and Reserve Grand Champions, 5% commission on all champions and reserve champions, and a 4% commission on all others, assessed on the auction price. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2012 and 2011 follows:

	2012	2011
Beginning Cash Balance	\$ 56,773	\$ 57,709
Receipts	355,282	349,320
Disbursements	(367,701)	(350,256)
Ending Cash Balance	\$ 44,354	\$ 56,773



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

Wyandot County Agricultural Society
Wyandot County
10171 State Highway 53 N
Upper Sandusky, Ohio 43351

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Wyandot County Agricultural Society, Wyandot County, Ohio, (the Society) as of and for the years ended November 30, 2012 and 2011, and the related notes to the financial statement and have issued our report thereon dated September 25, 2013, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Society's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statement is 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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www.ohioauditor.gov

Wyandot County Agricultural Society
Wyandot County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

Entity's Response to Findings

The Society's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Society's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 25, 2013

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2012-001
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**Material Weakness
Admission Receipts**

Implementing effective internal controls, both application and monitoring, is an important responsibility of management. Effective internal controls can help assure that transactions are complete, occurred, are accurately reported, properly cutoff, and properly classified. In addition, management should periodically monitor control procedures to verify they are functioning effectively.

During the 2012 and 2011 fair, the following discrepancies/internal control weaknesses were noted in the Admission receipts process:

- The Society experienced overages and shortages in the collection of admission cash receipts.
- The ticket recapitulation sheets documenting these overages and shortages were neither reviewed by management nor followed up on.
- Daily reconciliations between the amount deposited and actual daily receipts were prepared by the Society, however, these reconciliations were not reviewed by management.
- For 2012 and 2011, the amounts deposited during fair week were \$385 and \$327 less, respectively, than total receipts documented on the daily reconciliations.
- The Society posted receipts for grandstand admissions, season passes, and horse racing programs based on expected receipts (i.e. the number of tickets sold x the ticket price) rather than actual receipts.
- The Society posted general admission receipts as the difference between total fair deposits and all other posted receipts rather than based on actual receipts. This was due to the ticket recapitulation sheets and daily reconciliations not being remitted timely to the Clerk/Treasurer.

As a result, the allocation of general admission, grandstand, and season pass receipts (collectively shown as "admission receipts on the financial statements) posted to the Society's ledgers does not agree to the individual components as documented on the ticket recapitulation sheets and daily reconciliations.

Failure to establish and implement effective internal controls impairs management's ability to effectively monitor the Society's finances and could result in the theft or loss of property without management's detection.

We recommend the Society implement policies and procedures to monitor overages and shortages and to follow up on shortages. We further recommend the Society post receipts to its ledgers based on actual data.

**WYANDOT COUNTY AGRICULTURAL SOCIETY
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2012 AND 2011
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2012-001 (Continued)
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**Material Weakness (Continued)
Admission Receipts (Continued)**

Officials Response

The Audit Committee met and made changes effective May 20th that should help control the problems with the gate money during the fair. These changes include:

- Policy that none of the original papers are to leave the office. Copies can be made if needed.
- Policy that an audit committee member must be double checking figures in the evening.
- Policy that the reconciliation must be done by no later than noon the next day.
- Recommending that start-up money is an even amount of money each day.
- Recommending that copies of yellow register may be made. After all figures are checked, original may be filled in.



Dave Yost • Auditor of State

WYANDOT COUNTY AGRICULTURAL SOCIETY

WYANDOT 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
OCTOBER 15, 2013