



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ERIE COUNTY AGRICULTURAL SOCIETY

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REPORT OF INDEPENDENT ACCOUNTANTS

Erie County Agricultural Society
3110 Columbus Avenue
Sandusky, Ohio 44870-5556

To the Board of Directors:

We have audited the accompanying financial statement of the Erie County Agricultural Society (the Society) as of and for the year ended November 30, 2001. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Society as of November 30, 2001, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2002 on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

May 10, 2002

**ERIE COUNTY AGRICULTURAL SOCIETY
ERIE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2001**

Operating Receipts:	
Admissions	\$127,050
Privilege Fees	28,805
Rentals	44,504
Other Operating Receipts	<u>17,728</u>
Total Operating Receipts	<u>218,087</u>
Operating Disbursements:	
Wages and Benefits	10,439
Utilities	20,972
Professional Services	78,676
Equipment and Grounds Maintenance	58,880
Senior Fair	4,298
Junior Fair	24,646
Capital Outlay	47,588
Other Operating Disbursements	<u>51,078</u>
Total Operating Disbursements	<u>296,577</u>
Excess of Operating Disbursements Over Operating Receipts	<u>(78,490)</u>
Non-Operating Receipts (Disbursements):	
State Support	8,683
County Support	3,300
Donations/Contributions	38,339
Investment Income	382
Debt Service	<u>(431)</u>
Net Non-Operating Receipts (Disbursements)	<u>50,273</u>
Excess of Disbursements Over Receipts	(28,217)
Cash Balance, Beginning of Year	<u>61,220</u>
Cash Balance, End of Year	<u><u>\$33,003</u></u>

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

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ERIE COUNTY AGRICULTURAL SOCIETY

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Erie County Agricultural Society, Erie County, (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1953 to direct the operation of 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 responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 26 directors serving staggered three-year terms, elected from the membership of the Society. 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 include facility rental, stall rental, and community events. The reporting entity does not include any other activities or entities of Erie County, Ohio.

The financial activity of the Junior Livestock Sale Committee is summarized in Note 5.

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

B. Basis of Accounting

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

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

D. Property, Plant and Equipment

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

E. Restricted Support

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

ERIE COUNTY AGRICULTURAL SOCIETY

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

F. Income Tax Status

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

2. CASH

The carrying amount of cash at November 30, 2001 follows:

Demand Deposits	<u>\$33,002</u>
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The bank balance was covered by Federal Depository Insurance Corporation (FDIC).

3. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2001 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participants' gross salaries through November 30, 2001.

4. RISK MANAGEMENT

The Erie County Commissioners provide general insurance coverage for all the buildings on the Erie County Fairgrounds pursuant to Ohio Revised Code Section 1711. 24. General liability and vehicle coverage is provided by an Insurance Company with limits of \$2,000,000 and \$4,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's Treasurer is bonded with coverage of \$100,000. The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2001

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. Monies to cover the cost of the auction are generated through a 3% commission and are retained by the Junior Livestock Committee. The accompanying financial statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended November 30, 2001 follows:

Beginning Cash Balance	\$9,007
Receipts	191,021
Disbursements	<u>196,904</u>
Ending Cash Balance	<u>\$3,124</u>



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

Erie County Agricultural Society
3110 Columbus Avenue
Sandusky, Ohio 44870-5556

To the Board of Directors:

We have audited the financial statement of the Erie County Agricultural Society (the Society) as of and for the year ended November 30, 2001, and have issued our report thereon dated May 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Society's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Society in a separate letter dated May 10, 2002.

Erie County Agricultural Society
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

May 10, 2002



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OFFICE OF THE AUDITOR

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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 6, 2002**