



**Auditor of State
Betty Montgomery**

ERIE COUNTY AGRICULTURAL SOCIETY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of the Erie County Agricultural Society (the Society) as of and for the years ended November 30, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statements 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 statements referred to above present fairly, in all material respects, the cash balances of the Society as of November 30, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2004 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 audits.

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 24, 2004

ERIE COUNTY AGRICULTURAL SOCIETY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Operating Receipts		
Admissions	\$ 130,423	\$ 137,019
Privilege Fees	34,930	33,106
Rentals	47,058	60,418
Other Operating Receipts	<u>14,674</u>	<u>16,955</u>
Total Operating Receipts	<u>227,085</u>	<u>247,498</u>
Operating Disbursements		
Wages and Benefits	25,922	10,572
Utilities	24,757	22,376
Professional Services	70,702	86,705
Equipment and Grounds Maintenance	59,221	59,261
Senior Fair	1,436	3,291
Junior Fair	25,738	23,629
Capital Outlay	8,080	27,963
Other Operating Disbursements	<u>62,596</u>	<u>66,803</u>
Total Operating Disbursements	<u>278,452</u>	<u>300,600</u>
Excess of Operating Receipts Over/ (Under) Operating Disbursements	<u>(51,367)</u>	<u>(53,102)</u>
Non-Operating Receipts (Disbursements)		
State Support	7,541	8,139
County Support	2,800	3,300
Donations/Contributions	28,350	78,602
Investment Income	174	88
Other Non-Operating Disbursements	<u>(31)</u>	<u>(130)</u>
Net Non-Operating Receipts (Disbursements)	<u>38,834</u>	<u>89,999</u>
Excess of Receipts Over (Under) Disbursements	(12,533)	36,897
Cash Balance, Beginning of Year	<u>69,900</u>	<u>33,003</u>
Cash Balance, End of Year	<u><u>\$ 57,367</u></u>	<u><u>\$ 69,900</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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ERIE COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS NOVEMBER 30, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Erie County Agricultural Society (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 25 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 including facility rental, stall rental, and community events. A separate Junior Fair Board has not been established. The Junior Fair activity is accounted for within the accounting records of the Society and is reflected in the accompanying financial statements. 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 7.

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.

ERIE COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2003 AND 2002

(Continued)

C. 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.

D. Restricted Support

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

E. 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, 2003 and 2002 follows:

	2003	2002
Demand Deposits	<u>\$ 57,367</u>	<u>\$ 69,900</u>

Deposits are covered by Federal Depository Insurance Corporation (FDIC).

3. RETIREMENT SYSTEM

All employees are required to contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2003 and 2002 employees were required to contribute 6.2 percent of their gross salaries. The Society was also required to contribute an amount equal to 6.2 percent of participant's gross salaries. To date, the Society has not withheld, nor contributed the required withholdings and contributions.

ERIE COUNTY AGRICULTURAL SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2003 AND 2002

(Continued)

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 § 1711. 24. General liability and vehicle coverage is provided by The Ohio Fair Participating Plan through Hylant Administrative Services with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$30,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2004.

5. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

6. RELATED PARTY TRANSACTIONS

A Board member is part owner of a company from which the Society provides cellular phone service for the Board President. The Society also had this company provide materials used in construction of a sheep pen during fiscal year 2002. The Society paid \$2,771 and \$5,816 during fiscal years 2003 and 2002, respectively.

Additionally, the Society does not assess Board members fees for buildings/grounds rental or winter storage.

7. 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 Erie County's auction. Monies to cover the cost of the auction are generated through a 3 percent commission and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2003 and 2002 follows:

ERIE COUNTY AGRICULTURAL SOCIETY

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003 AND 2002
(Continued)**

	<u>2003</u>	<u>2002</u>
Beginning Cash Balance	\$ 7,168	\$ 3,124
Receipts	160,292	172,454
Disbursements	<u>(163,789)</u>	<u>(168,410)</u>
Ending Cash Balance	<u>\$ 3,671</u>	<u>\$ 7,168</u>



**Auditor of State
Betty Montgomery**

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

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

To the Board of Directors:

We have audited the financial statements of the Erie County Agricultural Society (the Society) as of and for the years ended November 30, 2003 and 2002, and have issued our report thereon dated June 24, 2004. 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 *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 statements are 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 audits 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated June 24, 2004.

Internal Control over Financial Reporting

In planning and performing our audits, 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 statements 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 management of the Society in a separate letter dated June 24, 2004.

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



Betty Montgomery
Auditor of State

June 24, 2004



**Auditor of State
Betty Montgomery**

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ERIE COUNTY 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
AUGUST 5, 2004**