



**SANDUSKY COUNTY AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDING NOVEMBER 30, 2009 AND 2010**



**Dave Yost • Auditor of State**



**AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

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# Dave Yost • Auditor of State

Agricultural Society  
Sandusky County  
712 North Street  
Suite 101  
Fremont, Ohio 43420-1158

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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

April 28, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Agricultural Society  
Sandusky County  
712 North Street  
Suite 101  
Fremont, Ohio 43420-1158

To the Board of Directors:

We have audited the accompanying financial statements of the Agricultural Society, Sandusky County, (the Society) as of and for the years ended November 30, 2010 and 2009. 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 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit 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 audit provides 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, 2010 and 2009 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, 2010 and 2009, 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 balances of the Agricultural Society, Sandusky County, as of November 30, 2010 and 2009, 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 April 28, 2011, 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 audit.



**Dave Yost**  
Auditor of State

April 28, 2011



**AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Operating Receipts:</b>		
Admissions	\$362,543	\$346,911
Privilege Fees	97,168	99,470
Rentals	164,303	159,240
Sustaining and Entry Fees	46,487	47,074
Other Operating Receipts	83,699	92,490
Total Operating Receipts	754,200	745,185
<b>Operating Disbursements:</b>		
Wages and Benefits	135,561	144,611
Utilities	83,419	77,839
Professional Services	203,594	157,349
Equipment and Grounds Maintenance	145,411	166,283
Senior Fair	58,073	60,666
Junior Fair	25,221	26,125
Capital Outlay	40,250	11,728
Other Operating Disbursements	131,938	115,462
Total Operating Disbursements	823,467	760,063
Deficiency of Operating Receipts Under Operating Disbursements	(69,267)	(14,878)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	6,152	6,560
County Support	3,000	3,000
Donations/Contributions	52,847	39,248
Investment Income	7	22
Debt Service	(2,162)	(1,347)
Net Non-Operating Receipts	59,844	47,483
Excess (Deficiency) of Receipts Over (Under) Disbursements	(9,423)	32,605
Cash Balance, Beginning of Year	101,616	69,011
<b>Cash Balance, End of Year</b>	<b>\$92,193</b>	<b>\$101,616</b>

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

**AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009**

**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, Sandusky 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 1852 to operate an annual agricultural fair. The Society sponsors the week-long Sandusky County Fair during August. Sandusky 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 Sandusky 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 including. The reporting entity does not include any other activities or entities of Sandusky 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 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. 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.

**D. 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.

**AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

**2. DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2010 and 2009 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$91,593	\$101,016
Cash on hand	600	600
Total deposits	<u>\$92,193</u>	<u>\$101,616</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. DEBT**

The Society has an Operating Line of Credit which has a maximum available line of credit of \$100,000 bears a variable interest rate, currently at 4.75% and is due to the Croghan Colonial Bank. The note was entered into on July 1, 2003 and matures on demand. The Society has not drawn from this note. The note is uncollateralized.

**4. RISK MANAGEMENT**

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Sandusky County Commissioners provide general insurance coverage for all the buildings on the Sandusky County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 and \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2012.

**AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(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 (Name of County) County Fair. The Society disbursed \$25,221 in fiscal year 2010 and \$26,125 in fiscal year 2009 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursement. The Junior Fair Board accounts for its activities separately. The accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$5,148	\$2,896
Receipts	28,754	27,371
Disbursements	(27,321)	(25,119)
Ending Cash Balance	\$6,581	\$5,148

**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 Sandusky County's auction. A commission of ten dollars per head 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 years ended November 30, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$27,509	\$37,562
Receipts	370,688	318,507
Disbursements	(362,475)	(328,560)
Ending Cash Balance	\$35,722	\$27,509



# Dave Yost • 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  
Sandusky County  
712 North Street  
Suite 101  
Fremont, Ohio 43420-1158

To the Board of Directors:

We have audited the financial statements of the Agricultural Society, Sandusky County, (the Society) as of and for the years ended November 30, 2010 and 2009 and have issued our report thereon dated April 28, 2011 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 audit 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 audit, we considered the Society's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions 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 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated April 28, 2011.

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

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

**Dave Yost**  
Auditor of State

April 28, 2011

**AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Society's bank accounts did not reconcile with the accounting records.	Yes	
2008-002	Society did not reconcile ticket sales for grandstand events.	Yes	

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# Dave Yost • Auditor of State

**SANDUSKY AGRICULTURAL SOCIETY**

**SANDUSKY 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  
MAY 17, 2011**