



Dave Yost • Auditor of State

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Auditor's Report | 1 |
| Prepared by Management: | |
| Statement of Receipts, Disbursements and Change in Fund Balance (Cash Basis) – For the Fiscal Year Ended November 30, 2016..... | 3 |
| Notes to the Financial Statement – For the Fiscal Year Ended November 30, 2016..... | 4 |
| Statement of Receipts, Disbursements and Change in Fund Balance (Cash Basis) – For the Fiscal Year Ended November 30, 2015..... | 7 |
| Notes to the Financial Statement – For the Fiscal Year Ended November 30, 2015..... | 8 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 11 |

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of Sandusky County Agricultural Society, Sandusky County, Ohio (the Society) as of and for the years ended November 30, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 these financial statements 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 statements are 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 statements 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 opinions.

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

As described in Note 1 of the financial statements, the Society prepared these financial statements 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Society does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 statements referred to above do 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, 2016 and 2015, or the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of Sandusky County Agricultural Society, Sandusky County, Ohio, as of November 30, 2016 and 2015, 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(D) 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 October 24, 2017, 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

October 24, 2017

**SANDUSKY COUNTY AGRICULTURAL SOCIETY
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016**

| | |
|--|------------------------|
| Operating Receipts | |
| Admissions | \$347,623 |
| Privilege Fees | 107,608 |
| Rentals | 167,692 |
| Other Operating Receipts | <u>137,380</u> |
| <i>Total Operating Receipts</i> | <u>760,303</u> |
| Operating Disbursements | |
| Wages and Benefits | 137,224 |
| Utilities | 105,136 |
| Professional Services | 212,044 |
| Equipment and Grounds Maintenance | 146,633 |
| Senior Fair | 79,262 |
| Junior Fair | 26,865 |
| Capital Outlay | 120,739 |
| Other Operating Disbursements | <u>111,737</u> |
| <i>Total Operating Disbursements</i> | <u>939,640</u> |
| <i>Excess of Operating Disbursements Over Operating Receipts</i> | <u>(179,337)</u> |
| Non-Operating Receipts (Disbursements) | |
| State Support | 55,338 |
| County Support | 3,000 |
| Debt Proceeds | 122,250 |
| Donations/Contributions | 75,503 |
| Investment Income | 2 |
| Debt Service | <u>(66,992)</u> |
| <i>Net Non-Operating Receipts (Disbursements)</i> | <u>189,101</u> |
| <i>Excess of Receipts Over Disbursements</i> | 9,764 |
| Cash Balance, Beginning of Year | <u>13,362</u> |
| <i>Cash Balance, End of Year</i> | <u><u>\$23,126</u></u> |

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

**SANDUSKY COUNTY AGRICULTURAL SOCIETY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016**

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 Sandusky County Agricultural Society, Sandusky 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. Sandusky County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 22 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 flea market swap meets and trade shows. The reporting entity does not include any other activities or entities of Sandusky County, Ohio.

Notes 6 and 7, 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. Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and change in fund balance (regulatory cash basis).

C. Accounting Basis

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

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).

**SANDUSKY COUNTY AGRICULTURAL SOCIETY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016
(Continued)**

Management is unaware of any actions or events that would jeopardize the Society's tax status.

2. DEPOSITS

The Society maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2016 was as follows:

| | |
|-----------------|-----------------|
| | <u>2016</u> |
| Demand deposits | <u>\$23,126</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 prime plus one at a floor interest rate of 4.75 percent, and is due to the Croghan Colonial Bank on demand. The note was entered into on July 31, 2016 and matures on July 31, 2019. As of November 30, 2016, the Society had a balance of \$80,000 drawn on the line of credit. Payments are made when funds are available and there is no amortization schedule for the debt.

4. RISK MANAGEMENT

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 \$200,000 and \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2017.

5. SOCIAL SECURITY

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2016.

6. 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 Sandusky County Fair. The Society disbursed \$26,865 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Sandusky County paid the Society \$3,000 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 year ended November 30, 2016 follows:

**SANDUSKY COUNTY AGRICULTURAL SOCIETY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2016
(Continued)**

| | 2016 |
|------------------------|----------|
| Beginning Cash Balance | \$ 3,968 |
| Receipts | 26,965 |
| Disbursements | (26,298) |
| Ending Cash Balance | \$ 4,635 |

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 the Sandusky County Fair'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 statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2016 follows:

| | 2016 |
|------------------------|-----------|
| Beginning Cash Balance | \$ 38,349 |
| Receipts | 459,400 |
| Disbursements | (451,346) |
| Ending Cash Balance | \$ 46,403 |

8 OTHER OPERATING RECEIPTS

Other operating receipts are primarily made up of membership fees, electric reimbursement and entry fees.

**SANDUSKY COUNTY AGRICULTURAL SOCIETY
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015**

| | |
|--|------------------------|
| Operating Receipts | |
| Admissions | \$366,395 |
| Privilege Fees | 107,012 |
| Rentals | 165,701 |
| Other Operating Receipts | <u>139,897</u> |
| <i>Total Operating Receipts</i> | <u>779,005</u> |
| Operating Disbursements | |
| Wages and Benefits | 133,934 |
| Utilities | 112,937 |
| Professional Services | 220,699 |
| Equipment and Grounds Maintenance | 201,949 |
| Senior Fair | 63,654 |
| Junior Fair | 26,597 |
| Capital Outlay | 28,608 |
| Other Operating Disbursements | <u>63,665</u> |
| <i>Total Operating Disbursements</i> | <u>852,043</u> |
| <i>Excess of Operating Disbursements Over Operating Receipts</i> | <u>(73,038)</u> |
| Non-Operating Receipts (Disbursements) | |
| State Support | 4,270 |
| County Support | 3,000 |
| Debt Proceeds | 36,407 |
| Donations/Contributions | 52,464 |
| Investment Income | 2 |
| Debt Service | <u>(18,627)</u> |
| <i>Net Non-Operating Receipts (Disbursements)</i> | <u>77,516</u> |
| <i>Excess of Receipts Over Disbursements</i> | 4,478 |
| Cash Balance, Beginning of Year | <u>8,884</u> |
| <i>Cash Balance, End of Year</i> | <u><u>\$13,362</u></u> |

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

**SANDUSKY COUNTY AGRICULTURAL SOCIETY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015**

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 Sandusky County Agricultural Society, Sandusky 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. Sandusky County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 22 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 flea market swap meets and trade shows. The reporting entity does not include any other activities or entities of Sandusky County, Ohio.

Notes 6 and 7, 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. Basis of Presentation

The Society's financial statement consists of a statement of receipts, disbursements and change in fund balance (regulatory cash basis).

C. Accounting Basis

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

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).

**SANDUSKY COUNTY AGRICULTURAL SOCIETY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015
(Continued)**

Management is unaware of any actions or events that would jeopardize the Society's tax status.

2. DEPOSITS

The Society maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2015 was as follows:

| | |
|-----------------|-----------------|
| | <u>2015</u> |
| Demand deposits | <u>\$13,362</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 prime plus one at a floor interest rate of 4.75 percent, and is due to the Croghan Colonial Bank on demand. The note was entered into on July 31, 2003 and matures on July 31, 2016. As of November 30, 2015, the Society had a balance of \$20,000 drawn on the line of credit. Payments are made when funds are available and there is no amortization schedule for the debt.

4. RISK MANAGEMENT

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 \$200,000 and \$2,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2017.

5. SOCIAL SECURITY

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2015.

6. 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 Sandusky County Fair. The Society disbursed \$26,597 directly to vendors to support Junior Fair activities.. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Sandusky County paid the Society \$3,000 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 year ended November 30, 2015 follows:

**SANDUSKY COUNTY AGRICULTURAL SOCIETY
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015
(Continued)**

| | 2015 |
|------------------------|----------|
| Beginning Cash Balance | \$ 9,017 |
| Receipts | 26,098 |
| Disbursements | (31,147) |
| Ending Cash Balance | \$ 3,968 |

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 the Sandusky County Fair'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 statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2015 follows:

| | 2015 |
|------------------------|-----------|
| Beginning Cash Balance | \$ 31,340 |
| Receipts | 487,215 |
| Disbursements | (480,206) |
| Ending Cash Balance | \$ 38,349 |

8 OTHER OPERATING RECEIPTS

Other operating receipts are primarily made up of membership fees, electric reimbursement and entry fees.



Dave Yost • Auditor of State

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

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

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 statements of the cash balances, receipts and disbursements of Sandusky County Agricultural Society, Sandusky County, Ohio (the Society) as of and for the years ended November 30, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2017, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Society's internal control. Accordingly, we have not opined on it.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, 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*.

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

October 24, 2017



Dave Yost • Auditor of State

SANDUSKY COUNTY 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
NOVEMBER 9, 2017**