



Mary Taylor, CPA  
Auditor of State



**SANDUSKY COUNTY AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Sandusky County Agricultural Society  
Sandusky County  
712 North St., 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

July 8, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of Sandusky County Agricultural Society, Sandusky County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007. 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, 2008 and 2007 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, 2008 and 2007, 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 balance of Sandusky County Agricultural Society, Sandusky County, as of November 30, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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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 July 8, 2009, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 8, 2009

**SANDUSKY COUNTY AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>Operating Receipts:</b>		
Admissions	\$377,547	\$311,745
Privilege Fees	101,935	109,372
Rentals	152,099	141,450
Sustaining and Entry Fees	46,010	48,033
Other Operating Receipts	28,949	31,906
Total Operating Receipts	706,540	642,506
<b>Operating Disbursements:</b>		
Wages and Benefits	140,027	169,754
Utilities	78,260	73,717
Professional Services	160,452	202,723
Equipment and Grounds Maintenance	168,890	189,028
Senior Fair	62,383	50,081
Junior Fair	27,822	26,560
Capital Outlay	8,786	113,157
Other Operating Disbursements	98,976	161,189
Total Operating Disbursements	745,596	986,209
Deficiency of Operating Receipts Under Operating Disbursements	(39,056)	(343,703)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	7,300	18,605
County Support	3,000	3,000
Debt Proceeds		50,135
Donations/Contributions	62,776	186,069
Investment Income	58	4,187
Debt Service	(1,620)	(55,180)
Net Non-Operating Receipts	71,514	206,816
Excess (Deficiency) of Receipts Over (Under) Disbursements	32,458	(136,887)
Cash Balance, Beginning of Year	36,553	173,440
<b>Cash Balance, End of Year</b>	<b>\$69,011</b>	<b>\$36,553</b>

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

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**SANDUSKY COUNTY AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007**

**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 (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 twenty-one 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 include facility rental, track and stall rental, and community events including a flea market. 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, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribe or permit.

**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.

**SANDUSKY COUNTY AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

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

**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.

**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, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$67,881	\$35,453
Cash on hand	1,130	1,100
Total deposits	<u>\$69,011</u>	<u>\$36,553</u>

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

**3. DEBT**

The Society has a Construction Line of Credit has a maximum available line of credit of \$100,000, bears an interest rate of five percent, and is due to the Old Fort Banking Company. The note was entered into on August 15, 2003 and matures on August 15, 2013. The Society has not drawn funds from this note. The note is uncollateralized.

The Society also has an Operating Line of Credit has a maximum available line of \$100,000, bears a variable interest rate, currently at 9.25%, 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 funds from this note. The note is uncollateralized.

**SANDUSKY COUNTY AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**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, director and officer liability, automobile liability, equipment floater and crime coverage, with limits of \$1,000,000 per occurrence and \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's Treasurer is bonded with coverage of \$10,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2009.

**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 Sandusky County Fair. The Society disbursed \$26,560 in fiscal year 2007 and \$27,822 in fiscal year 2008 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursements. 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, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$3,281	\$2,867
Receipts	26,496	26,729
Disbursements	(26,881)	(26,315)
Ending Cash Balance	\$2,896	\$3,281

**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, 2008 and 2007 follows:

**SANDUSKY COUNTY AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2008 AND 2007  
(Continued)**

**6. JUNIOR LIVESTOCK SALE COMMITTEE (Continued)**

	<u>2008</u>	<u>2007</u>
Beginning Cash Balance	\$23,567	\$19,755
Receipts	330,052	300,362
Disbursements	<u>(316,057)</u>	<u>(296,550)</u>
Ending Cash Balance	<u><u>\$37,562</u></u>	<u><u>\$23,567</u></u>



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 St., Suite 101  
Fremont, Ohio 43420-1158

To the Board of Directors:

We have audited the financial statements of the Sandusky County Agricultural Society, Sandusky County, Ohio (the Society), as of and for the years ended November 30, 2008 and 2007, and have issued our report thereon dated July 8, 2009, 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 expressing our opinion on the financial statements, but not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 and 2008-002 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies described above are also material weaknesses.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated July 8, 2009.

### **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 noted a certain noncompliance matter that we reported to the Society's management in a separate letter dated July 8, 2009.

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

July 8, 2009

**SANDUSKY COUNTY AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Material Weakness**

**Bank Reconciliations**

Bank reconciliations should be performed monthly. These reconciliations should include bank statement values, less a detailed outstanding check listing plus any other reconciling items, which should agree to the fund balance of the Society as reported in their accounting ledgers. The Society's bank accounts did not reconcile to the fund balance of the Society's accounting records. This lack of control could lead to cash going unaccounted for and has the potential for findings for recovery to be issued. This weakness resulted in two audit adjustments to the Society's cash balance at November 30, 2008 in the amounts of \$8,131 and \$301. The remaining variance due to unsupported reconciling items totaled less than one percent of the Society's cash balance at November 30, 2008. To improve controls over cash, we recommend the following:

1. The Board shall adopt a policy for writing off long outstanding checks. Checks that are over a year old should be written off. This policy should be approved by the Board in their minutes. The actual writing off of the checks should also be approved by the Board in their minutes
2. The Fiscal Officer shall prepare a listing and track all outstanding checks for all bank accounts.
3. The Board and Fiscal Officer shall review all reconciling items to ensure each item is properly supported and correctly listed.
4. Monthly bank reconciliations, including bank statements, a detailed outstanding check list for all checking accounts, and other reconciling items, should be compared to the fund balance of the Society and be submitted to the Board monthly for their review. This review should be documented in the minutes of the Board and the Board should sign the reconciliation to document their review. It is further recommended the Board obtain explanations and investigate situations when the accounts do not reconcile.

**Officials' Response:**

The Society has implemented policies and procedures during fiscal year 2009 to assure long outstanding checks are written off, all reconciling items are properly supported and the Board receives monthly bank reconciliations for their review and approval.

**FINDING NUMBER 2008-002**

**Material Weakness**

**Ticket Accountability**

The Uniform System of Accounting for Agricultural Societies manual states "all tickets for admittance to the fair and its events shall be consecutively pre-numbered. Separate tickets shall be used to account for each type of admission. The numbered sequence of tickets given to distribution locations shall be recorded. All unsold tickets and cash for sold tickets shall be returned and compared against the tickets issued. The cash returned should equal the expected revenue from the tickets sold." The Society used pre-numbered tickets for its grandstand events, but did not prepare any reconciliations between expected revenue and actual revenue received. The above lack of accountability resulted in additional audit time to complete our testing of Admissions. Admissions revenues during fiscal year 2007 and 2008 accounted for forty-eight and thirty-eight percent of total revenues, respectively. We recommend the Society account for all tickets and prepare a reconciliation between expected revenues and actual revenues for tickets sold.

**Officials' Response:**

The Society has implemented policies and procedures during fiscal year 2009 to assure all tickets are properly accounted for.

**SANDUSKY COUNTY AGRICULTURAL SOCIETY  
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2008 AND 2007**

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>
2006-001	Material Weakness – Board should approve bank reconciliations and adopt a policy on writing off long outstanding checks	No	Not corrected. Repeated as Finding #2008-001 in this report.
2006-002	Material Weakness – Society should prepare reconciliations between expected revenues and actual revenues from ticket sales.	No	Not corrected. Repeated as Finding #2008-002 in this report.
2006-003	Non-compliance Citation – Ohio Revised Code § 149.351 destruction of public records.	Yes	





**Mary Taylor, CPA**  
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  
JULY 30, 2009**