



Dave Yost • Auditor of State



**AGRICULTURAL SOCIETY  
ERIE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) - For the Fiscal Years Ended November 30, 2013 and 2012 .....	3
Notes to the Financial Statements .....	4
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	7

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Agricultural Society, Erie County, Ohio (the Society) as of and for the years ended November 30, 2013 and 2012.

### ***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 opinion.

### ***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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2013 and 2012, or changes in financial position 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 of the Agricultural Society, Erie County, Ohio as of November 30, 2013 and 2012, and its cash receipts and disbursements 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 June 4, 2014, 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

June 4, 2014

**ERIE COUNTY AGRICULTURAL SOCIETY  
ERIE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE (CASH BASIS)  
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>Operating Receipts:</b>		
Admissions	\$151,705	\$123,624
Privilege Fees	37,028	34,276
Rentals	79,819	73,228
Entry Fees	20,472	25,775
Other Operating Receipts	4,708	8,446
Total Operating Receipts	293,732	265,349
<b>Operating Disbursements:</b>		
Wages and Benefits	16,304	14,175
Supplies	28,719	15,661
Utilities	34,299	24,424
Professional Services	53,164	51,924
Equipment and Grounds Maintenance	48,297	40,131
Advertising	12,938	17,238
Repairs	942	3,037
Insurance	24,615	23,446
Senior Fair	3,017	2,600
Contest Expenses	53,534	52,979
Junior Fair	24,430	25,435
Capital Outlay	91,750	27,074
Other Operating Disbursements	20,919	9,630
Total Operating Disbursements	412,928	307,754
Excess of Operating Disbursements Over Operating Receipts	(119,196)	(42,405)
<b>Non-Operating Receipts:</b>		
State Support	6,242	5,665
County Support	2,800	2,800
Debt Proceeds	58,000	
Donations/Contributions	58,255	62,344
Total Non-Operating Receipts	125,297	70,809
Net Change in Cash Balance	6,101	28,404
Cash Balance, Beginning of Year	37,734	9,330
<b>Cash Balance, End of Year</b>	<b>\$43,835</b>	<b>\$37,734</b>

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

**AGRICULTURAL SOCIETY  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2013 AND 2012**

**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, Erie 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 1953 to operate 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 Board of Directors manages the Society. The Board is made up of twenty-five directors serving staggered three-year terms. Society members elect Board members from its membership. 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 and community events. The reporting entity does not include any other activities or entities of Erie County, Ohio.

Note 6 summarizes the 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. 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.

**2. DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of

**AGRICULTURAL SOCIETY  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2013 AND 2012  
(Continued)**

deposits at November 30, 2013 and 2012 was as follows:

	2013	2012
Demand deposits	\$43,835	\$37,734

Deposits are insured by the Federal Depository Insurance Corporation.

**3. DEBT**

Debt outstanding at November 30, 2013 was as follows:

	Principal	Interest Rate
Hog Barn Promissory Note	\$58,000	4.49%

The \$65,000 Hog Barn Promissory Note bears an interest rate of 4.49 percent and is due to The Citizens Banking Company. The note was entered into on September 7, 2013 for an amount up to \$65,000 (as of November 30, 2013 \$58,000 has been drawn on the note) and matures September 17, 2018. However, the loan is not fulfilled at maturity. The Bank only offers fixed rate loans for up to five years, at maturity an amendment to the note will be made, extending the note another 5 years at the new fixed rate amount. The loan term is five years with a ten-year arm and an amendment at the end of the initial five years. Proceeds of the note were used to rebuild the hog barn.

Amortization of the above debt is scheduled as follows and assumes the full amount will be drawn:

Year ending November 30:	Principal	Interest	Total
2014	\$5,278	\$2,959	\$8,237
2015	5,518	2,719	8,237
2016	5,763	2,474	8,237
2017	6,032	2,205	8,237
2018	6,306	1,931	8,237
2019-2023	36,103	5,081	41,184
Total	\$65,000	\$17,369	\$82,369

**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. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund.

**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 Erie County Fair

**AGRICULTURAL SOCIETY  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2013 AND 2012  
(Continued)**

The Junior Fair Board activity is accounted for in the accounting records of the Society and is reflected in the accompanying financial statements. The Society subsidizes the Junior Fair Division to the extent necessary each year.

**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 Erie County's auction. A commission of three per cent 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 year ended November 30, 2013 and 2012 follows:

	2013	2012
Beginning Cash Balance	\$ 12,809	\$ 2,297
Receipts	227,077	214,068
Disbursements	<u>(232,823)</u>	<u>(203,556)</u>
Ending Cash Balance	<u>\$ 7,063</u>	<u>\$ 12,809</u>



# 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*

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

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 Agricultural Society, Erie County, Ohio, (the Society) as of and for the years ended November 30, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 4, 2014 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 opinion 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

June 4, 2014



# Dave Yost • Auditor of State

**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  
JUNE 24, 2014**