



OHIO AUDITOR OF STATE
KEITH FABER



**ERIE COUNTY AGRICULTURAL SOCIETY
ERIE COUNTY
NOVEMBER 30, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

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 Erie County Agricultural Society, Erie County, Ohio (the Society) as of and for the years ended November 30, 2019 and 2018.

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 such 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 2 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, 2019 and 2018, and the respective 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, receipts and disbursements, and related notes of Erie County Agricultural Society, Erie County, Ohio as of November 30, 2019 and 2018, 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 2.

Emphasis of Matter

As discussed in Note 5 to the 2019 financial statements and Note 6 to the 2018 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2020, 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.



Keith Faber
Auditor of State

Columbus, Ohio

September 15, 2020

Erie County Agricultural Society
Erie County
Statement of Receipts, Disbursements, and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2019

Operating Receipts	
Taxes	\$3,650
Admissions	93,905
Privilege Fees	25,539
Rentals	136,515
Other Operating Receipts	<u>18,655</u>
<i>Total Operating Receipts</i>	<u>278,264</u>
Operating Disbursements	
Wages and Benefits	17,705
Utilities	29,725
Professional Services	116,914
Equipment and Grounds Maintenance	24,810
Property and Rent Services	44,186
Senior Fair	2,571
Junior Fair	20,488
Capital Outlay	25,351
Other Operating Disbursements	<u>24,851</u>
<i>Total Operating Disbursements</i>	<u>306,601</u>
<i>Excess of Operating Disbursements Over Operating Receipts</i>	<u>(28,337)</u>
Non-Operating Receipts (Disbursements)	
State Support	4,980
Local Support	12,500
Donations/Contributions	58,882
Debt Service	<u>(731)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>75,631</u>
<i>Excess of Receipts Over Disbursements</i>	47,294
Cash Balance, Beginning of Year	<u>22,926</u>
<i>Cash Balance, End of Year</i>	<u><u>\$70,220</u></u>

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

Erie County Agricultural Society
Erie County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

Note 1 – Reporting Entity

Erie County Agricultural Society, Erie County, Ohio (the Society), is a body politic and corporate 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 1848 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.

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 and winter storage. 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 Junior Fair Board’s financial activity is reported in the Society’s financial statement.

The Society’s management believes this financial statement presents all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Erie County Agricultural Society
Erie County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

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.

Note 3 – Deposits

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

	<u>2019</u>
Demand deposits	<u>\$70,220</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 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 Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$1,000,000 and \$5,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

Note 5 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Society. In addition, the impact of the Society's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 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 percent 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 fiscal year ended November 30, 2019, follows:

Erie County Agricultural Society
Erie County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

	2019
Beginning Cash Balance	<u>\$21,560</u>
Receipts	282,370
Disbursements	<u>(274,133)</u>
Ending Cash Balance	<u><u>\$29,797</u></u>

Erie County Agricultural Society
Erie County
Statement of Receipts, Disbursements, and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2018

Operating Receipts	
Taxes	\$2,636
Admissions	113,637
Privilege Fees	30,608
Rentals	104,049
Other Operating Receipts	<u>30,064</u>
<i>Total Operating Receipts</i>	<u>280,994</u>
Operating Disbursements	
Wages and Benefits	19,515
Utilities	32,126
Professional Services	124,486
Equipment and Grounds Maintenance	25,835
Property and Rent Services	47,011
Senior Fair	3,540
Junior Fair	24,223
Capital Outlay	20,921
Other Operating Disbursements	<u>41,845</u>
<i>Total Operating Disbursements</i>	<u>339,502</u>
<i>Excess of Operating Disbursements Over Operating Receipts</i>	<u>(58,508)</u>
Non-Operating Receipts (Disbursements)	
State Support	5,070
Donations/Contributions	75,941
Debt Service	<u>(21,031)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>59,980</u>
<i>Excess of Receipts Over Disbursements</i>	1,472
Cash Balance, Beginning of Year	<u>21,454</u>
<i>Cash Balance, End of Year</i>	<u><u>\$22,926</u></u>

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

Erie County Agricultural Society
Erie County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2018

Note 1 – Reporting Entity

Erie County Agricultural Society, Erie County, Ohio (the Society), is a body politic and corporate 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 1848 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.

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 and winter storage. The reporting entity does not include any other activities or entities of Erie County, Ohio.

Note 8 summarizes the Junior Livestock Sale Committee’s financial activity. The Junior Fair Board’s financial activity is reported in the Society’s financial statement.

The Society’s management believes this financial statement presents all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Erie County Agricultural Society
Erie County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2018

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

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.

Note 3 – Deposits

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

	<u>2018</u>
Demand deposits	<u>\$22,926</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 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 Section 1711.24. A private company provides general liability and vehicle insurance with aggregate limits of \$1,000,000 and \$5,000,000, respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000.

Note 5 – Debt

During 2018, the Society had a Hog Barn Loan which had an interest rate of 4.49 percent and was due to Civista Bank. The note was entered into on September 17, 2013 and matured on September 17, 2018. This loan was paid off during 2018. As of November 30, 2018, the Society has no outstanding debt.

Note 6 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Society. In addition, the impact of the Society's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 7 – Other Operating Receipts

The Society had other operating receipts totaling \$30,064 for the year ended November 30, 2018. These revenues consist primarily of membership fees and contest fees.

Erie County Agricultural Society
Erie County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2018

Note 8 – 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 percent 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 fiscal year ended November 30, 2018, follows:

	<u>2018</u>
Beginning Cash Balance	\$18,385
Receipts	252,525
Disbursements	<u>(249,350)</u>
Ending Cash Balance	<u><u>\$21,560</u></u>



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

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

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 Erie County Agricultural Society, Erie County, (the Society) as of and for the years ended November 30, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2020, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Society.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

September 15, 2020

OHIO AUDITOR OF STATE KEITH FABER



ERIE COUNTY AGRICULTURAL SOCIETY

ERIE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/29/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov