



Dave Yost • Auditor of State

CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY

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Dave Yost • Auditor of State

Clark County Agricultural Society
Clark County
4401 S. Charleston Pike
Springfield, Ohio 45502

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 Agricultural Society 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.

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Dave Yost
Auditor of State

May 31, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clark County Agricultural Society
Clark County
4401 S. Charleston Pike
Springfield, Ohio 45502

To the Board of Directors:

We have audited the accompanying financial statements of the Clark County Agricultural Society, Clark County, (the Society) as of and for the years ended November 30, 2012 and 2011. 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.

Instead of the accompanying financial statement, GAAP requires presenting entity wide statements. 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, 2012 and 2011 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, 2012 and 2011, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances as of November 30, 2012 and 2011 of the Clark County Agricultural Society, Clark County, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013, 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 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

May 31, 2013

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2012 AND 2011**

	2012	2011
Operating Receipts:		
Admissions	\$356,766	\$345,991
Privilege Fees	145,718	141,410
Rentals	434,719	414,738
Other Operating Receipts	109,779	91,760
Total Operating Receipts	1,046,982	993,899
Operating Disbursements:		
Wages and Benefits	381,588	366,282
Utilities	146,999	135,950
Professional Services	155,779	180,961
Equipment and Grounds Maintenance	120,686	108,063
Senior Fair	121,526	122,874
Junior Fair	26,596	23,244
Capital Outlay	13,052	77,703
Other Operating Disbursements	207,748	227,024
Total Operating Disbursements	1,173,974	1,242,101
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(126,992)	(248,202)
Non-Operating Receipts (Disbursements):		
State Support	5,665	5,748
County Support	100,583	108,294
Debt Proceeds	50,000	75,000
Donations/Contributions	27,283	35,593
Debt Service	(24,962)	(29,891)
Net Non-Operating Receipts (Disbursements)	158,569	194,744
Excess (Deficiency) of Receipts Over (Under) Disbursements	31,577	(53,458)
Cash Balance, Beginning of Year	90,061	143,519
Cash Balance, End of Year	\$121,638	\$90,061

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

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**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011**

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 Clark County Agricultural Society, Clark County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1947 to operate an annual agricultural fair. The Society sponsors the eight day Clark County Fair during July. Clark County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Clark 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 antique shows, car shows and swap meets, trade shows, livestock shows, and other miscellaneous events. The reporting entity does not include any other activities or entities of Clark 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 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. Deposits and Investments

The Society maintains checking accounts and has no investments.

D. 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.

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

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 carrying amount of deposits at November 30, 2012 and 2011 was as follows:

	2012	2011
Demand deposits	\$121,638	\$90,061

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

3. DEBT

Debt outstanding at November 30, 2012 was as follows:

	Principal	Interest Rate
Line of Credit		4.50%
Equipment Loan	\$12,824	5.50%
Memorandum of Understanding (MOU) #1	80,000	0.00%
Total	\$92,824	

The Society maintains a \$65,000 line of credit with a variable interest rate with Security National Bank for operating purposes. During 2012 and 2011, the Society did not borrow against this line of credit. No amounts were outstanding prior to 2011.

The Society borrowed \$20,330 for equipment in 2010. The Society must repay the equipment loan at a rate of 5.50 percent.

The Society was awarded a \$100,000 grant from the CFA (Convention Facilities Authority) in fiscal year 2011 for an electrical upgrade of the grounds. The grant is to be disbursed in \$20,000 installments over a five year period. Due to the capital needed up front to commence the upgrades the Society entered into a MOU (Memorandum of Understanding) with the County Commissioners for a bridge loan for the full CFA grant of \$100,000 that was fully drawn upon in during fiscal year 2012 and 2011. The Society will make installment payments of \$20,000 each year for five years at no interest. Current balance is \$80,000 owed on the MOU bridge loan.

The Society was awarded a \$150,000 grant from the CFA (Convention Facilities Authority) in fiscal year 2012 for an electrical upgrade and construction of a storage building on the grounds. The CFA grant is to be disbursed in \$30,000 installments over a five year period. The County grant is to be disbursed upon request by the Society. Due to the capital needed up front to commence the upgrades the Society entered into a MOU (Memorandum of Understanding) with the County Commissioners for a bridge loan for the full CFA grant of \$150,000 that can be drawn upon on an as needed basis with proof of invoices. The Society will make installment payments of \$30,000 each year, for five years at no interest. Current balance on the MOU bridge loan is \$0 as no funds have been drawn in fiscal year 2012.

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011
(Continued)**

3. DEBT (Continued)

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Equipment Loan	MOU #1	Interest	Total
2013	\$ 4,065	\$20,000	\$ 706	\$24,771
2014	4,287	20,000	484	24,771
2015	4,472	20,000	248	24,720
2016		20,000		20,000
2017				
Total	<u>\$12,824</u>	<u>\$80,000</u>	<u>\$1,438</u>	<u>\$94,262</u>

4. RISK MANAGEMENT

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

The Clark County Commissioners provide general insurance coverage for all the buildings on the Clark County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$5,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000. The Society's Treasurer is bonded with coverage of \$20,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through March 2014.

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 Clark County Fair. The Society disbursed \$26,596 in 2012 and \$23,244 in 2011 directly to the Junior Fair Board and directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Clark County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the year ended November 30, 2012 and 2011 follows:

	2012	2011
Beginning Cash Balance	\$ 7,277	\$ 67
Receipts	21,989	20,876
Disbursements	(15,092)	(13,666)
Ending Cash Balance	<u>\$14,174</u>	<u>\$7,277</u>

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2012 AND 2011
(Continued)**

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 Clark County's auction. A commission of 3 percent plus \$5 per exhibit 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, 2012 and 2011 follows:

	<u>2012</u>	<u>2011</u>
Beginning Cash Balance	\$ 243,024	\$ 196,040
Receipts	1,922,822	1,779,841
Disbursements	<u>(2,009,626)</u>	<u>(1,732,857)</u>
Ending Cash Balance	<u>\$ 156,220</u>	<u>\$ 243,024</u>



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

Clark County Agricultural Society
Clark County
4401 S. Charleston Pike
Springfield, Ohio 45502

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 Clark County Agricultural Society, Clark County, (the Society) as of and for the years ended November 30, 2012 and 2011, and the related notes to the financial statements, have issued our report thereon dated May 31, 2013 wherein we noted the Society followed accounting financial reporting provisions permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 as described in Note 1.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies in internal control. We consider findings 2012-01 and 2012-02 to be significant deficiencies.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-01.

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.



Dave Yost
Auditor of State

May 31, 2013

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-01

Noncompliance and Significant Deficiency – Grandstand Admissions Revenue

Ohio Revised Code Section 149.011(G) defines “records” for purposes of the public records law, as any document, device, or item, regardless of physical form or characteristic, including an electronic record as defined in section 1306.01 of the Revised Code, created, received by, or coming under the jurisdiction of any public office which serves to document the organization, functions, policies, decisions, procedures, operations, or other activities of the public office.

Ohio Revised Code Section 149.43(B)(1) states that “all public records shall be promptly prepared and made available for inspection to any member of the general public at all reasonable times during regular business hours.”

Also, **Ohio Revised Code Section 149.351(A)** states that “all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Revised Code Sections 149.38 to 149.42.”

The Society was not able to produce Ticket Till Sign Out Sheets and Ticket Reconciliations that could substantiate the transaction receipts posted to the system for fiscal year 2011 regarding Grandstand (Track) Events. The unsubstantiated revenue for 2011 was not material to the Society’s General Fund.

The Society should maintain all receipt support in order to determine if receipts are properly reported and classified. In addition, the Society should maintain all records and supporting documentation until they have been subject to auditing procedures.

FINDING NUMBER 2012-02

Significant Deficiency – Account Balances

The Society submitted an Annual Report to the Ohio Department of Agriculture as well as to the Auditor of State. The annual reports should agree to the accounting system maintained by the Society. The Society neglected to correct an account balance that could not be agreed to its accounting system; therefore the annual report was forced to reconcile to the Society’s ending cash balance in 2012. Although the annual report showed the appropriate ending cash balance and was reconciled with the bank properly, the accounting system did not include all of the appropriate changes. An audit adjustment was necessary to balance the statements appropriately by increasing Other Operating Receipts by \$7,032 in 2012. Since the system reflected the appropriate ending cash balance, no adjustments to the ledgers were necessary.

In addition, the Society posted \$50,000 in both 2011 and 2012 to County Support rather than Debt Proceeds from Memorandum of Understanding debt agreements. Also, in 2011, the Society posted a \$4,770 debt payment for equipment to capital outlay rather than debt service expenditures. To properly present and agree amounts between the annual financial statements and notes, audit adjustments were made to properly present these transactions.

**FINDING NUMBER 2012-02
(Continued)**

The Society should implement procedures and policies to ensure the accounting system and annual report properly reflect all accounting transactions and balance. In addition, the Treasurer should ensure debt proceeds and payments are correctly accounted for as such. These procedures will assist in the accurate and complete presentation of the annual report. Sound financial reporting is important to Board decision making.

Officials' Response:

We did not receive responses from Officials to these findings.



Dave Yost • Auditor of State

CLARK COUNTY AGRICULTURAL SOCIETY

CLARK 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 18, 2013**