



Mary Taylor, CPA
Auditor of State

CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY

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Mary Taylor, CPA 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 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.

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Mary Taylor, CPA
Auditor of State

December 11, 2007

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Mary Taylor, CPA

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, 2006 and 2005. 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 fund the accompanying financial statements present, 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments 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, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Clark County Agricultural Society, Clark County as of November 30, 2006 and 2005, 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 fund cash balances of Clark County Agricultural Society, Clark County, as of November 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 December 11, 2007, 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

December 11, 2007

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2006**

Operating Receipts:	
Admissions	\$232,264
Privilege Fees	152,760
Rentals	402,539
Other Operating Receipts	114,522
Total Operating Receipts	902,085
 Operating Disbursements:	
Wages and Benefits	294,166
Utilities	176,490
Professional Services	87,642
Equipment and Grounds Maintenance	115,935
Senior Fair	91,702
Junior Fair	25,755
Capital Outlay	104,191
Other Operating Disbursements	99,736
Total Operating Disbursements	995,617
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(93,532)
 Non-Operating Receipts (Disbursements):	
State Support	6,451
County Support	78,300
Debt Proceeds	62,750
Donations/Contributions	36,359
Debt Service	(90,172)
Net Non-Operating Receipts (Disbursements)	93,688
Excess of Receipts Over Disbursements	156
Cash Balance, Beginning of Year	33,111
Cash Balance, End of Year	\$33,267

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

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2005**

Operating Receipts:

Admissions	\$201,110
Privilege Fees	146,758
Rentals	404,960
Other Operating Receipts	<u>124,349</u>
Total Operating Receipts	<u>877,177</u>

Operating Disbursements:

Wages and Benefits	269,416
Utilities	186,548
Professional Services	98,342
Equipment and Grounds Maintenance	128,684
Senior Fair	129,685
Junior Fair	18,994
Capital Outlay	79,936
Other Operating Disbursements	<u>118,633</u>
Total Operating Disbursements	<u>1,030,238</u>

Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(153,061)</u>
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Non-Operating Receipts (Disbursements):

State Support	6,740
County Support	68,300
Debt Proceeds	55,000
Donations/Contributions	40,026
Debt Service	<u>(6,587)</u>
Net Non-Operating Receipts (Disbursements)	<u>163,479</u>

Excess (Deficiency) of Receipts Over (Under) Disbursements	10,418
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Cash Balance, Beginning of Year	<u>22,693</u>
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Cash Balance, End of Year	<u><u>\$33,111</u></u>
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The notes to the financial statements are an integral part of this statement.

**CLARK COUNTY AGRICULTURAL
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005**

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 or independent] 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 week-long 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 15 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.

B. 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 the antique shows, motorcycle racing, car shows and car swap meets. The reporting entity does not include any other activities or entities of Clark 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.

C. Basis of Accounting

This financial statement follows 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.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribe or permits.

D. Cash and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

E. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form during the first six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

F. Property, Plant, and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

**CLARK COUNTY AGRICULTURAL
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

H. 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.

I. 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. BUDGETARY ACTIVITY

For the year ended November 30, 2006, the Society had budgeted receipts of \$1,077,500, actual receipts of \$1,085,945, resulting in a variance of \$8,445. Additionally, the Society had budgeted disbursements of \$1,056,454, actual disbursements of \$1,085,789, resulting in a variance of (\$29,335). For the year ended November 30, 2005, the Society had budgeted receipts of \$885,125, actual receipts of \$1,047,243, resulting in a \$162,118 variance. Additionally, the Society had budgeted disbursements of \$870,650, actual disbursements of \$1,036,825, resulting in a variance of (\$166,175).

Contrary to the Society's budgetary policy, actual disbursements exceeded budgeted disbursements for the years ended November 30, 2006 and 2005 by \$29,335 and \$166,175 respectively.

3. CASH

The carrying amount of cash at November 30 follows:

	<u>2006</u>	<u>2005</u>
Total deposits	<u>\$33,267</u>	<u>\$33,111</u>

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance.

4. DEBT

The Society maintains a \$65,000 line of credit at a variable interest rate with Security National Bank for operating purposes. During 2005, the Society borrowed \$55,000 against this line of credit, making full payment in 2006. During 2006, the Society borrowed \$48,500 against this line of credit and had repaid \$23,500 as of November 30, 2006. Debt outstanding at November 30, 2006 was as follows:

**CLARK COUNTY AGRICULTURAL
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

4. DEBT (Continued)

	Principal	Interest Rate
Note Payable for Tractor	\$16,190	5.50%
Line of Credit	25,000	variable
Note Payable for Truck	12,827	6.69%
Total	\$54,017	

In June 2004, the Society entered into a promissory note agreement for the purchase of a tractor. The \$28,680 promissory note agreement for the tractor bears an interest rate of 5.50 percent and is due to Security National Bank. The note was entered into on June 23, 2004 and matures June 30, 2009. Proceeds of the note were used to purchase a tractor and are collateralized by the tractor.

In April 2006, the Society entered into a promissory note agreement for the purchase of a pick up truck. The \$14,250 promissory note agreement for the truck bears an interest rate of 6.69 percent and is due to Security National Bank. The note was entered into on April 28, 2006 and matures April 30, 2011. Proceeds of the note were used to purchase a truck and are collateralized by the truck.

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Tractor Note	Truck Loan	Interest	Total
2007	\$5,824	\$2,582	\$1,529	\$9,935
2008	6,152	2,760	1,022	9,934
2009	4,214	2,950	500	7,664
2010		3,153	208	3,361
2011		1,382	23	1,405
Total	\$16,190	\$12,827	\$3,282	\$32,299

5. 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 \$1,000,000 and \$500,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's treasurer is bonded with coverage of \$140,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2007.

**CLARK COUNTY AGRICULTURAL
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2006 AND 2005
(Continued)**

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 Clark County Fair. The Society did not disburse anything directly to the Junior Fair Board and disbursed \$25,755 and \$18,994 respectively in 2006 and 2005 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 \$3,845 and \$3,852 respectively in 2006 and 2005 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 years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$4,261	\$3,239
Receipts	14,907	11,300
Disbursements	(18,053)	(10,278)
Ending Cash Balance	\$1,115	\$4,261

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 Clark County's auction. A commission of 5 percent plus \$5 per exhibit sold in 2006 and a 3 percent commission in 2005 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 years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$ 42,355	\$ 81,961
Receipts	1,519,984	1,451,998
Disbursements	(1,507,134)	(1,491,604)
Ending Cash Balance	\$ 55,205	\$ 42,355



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*

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

To the Board of Directors:

We have audited the financial statements of Clark County Agricultural Society, Clark County, (the Society) as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated December 11, 2007, wherein we noted the Society follows 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 on 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-002.

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.

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**Internal Control Over Financial Reporting
(Continued)**

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 deficiency described above as finding number 2006-002 is also a material weakness.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated December 11, 2007.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

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



Mary Taylor, CPA
Auditor of State

December 11, 2007

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMER 2006-001

Material Noncompliance – Monitoring Budget

Board resolution #11-04-06 (dated November 4, 2004) approved the 2005 fiscal year budget. The Society budgeted \$885,125 in receipts and \$870,650 in expenditures. However, actual disbursements for fiscal year 2005 were \$1,036,825 resulting in the Society over spending its budget by \$166,175.

The Society should adopt and implement procedures which require amendments to the budget throughout the year as changes in spending occur. Failure to monitor the budget and certify the availability of funds can result in overspending funds and negative cash fund balances.

FINDING NUMBER 2006-002

Material Weakness – Approval of Pay Rates

Pay rates for 99% of employees in 2006 and 70% of the employees in 2005 were not approved by the Board of Directors. Furthermore, documentation did not exist in the corresponding personnel files for the rates of pay for each employee. Additionally, several seasonal and part time employees were hired without Board approval. The Board delegated this responsibility to the Director. However, the Board reviews all expenditures at the Board meetings.

The Society should establish procedures to verify that all pay rates for its employees are set by the Board. This will reduce differences that might arise between the Society and employees on amount and timing of compensation.

Officials' Response: We did not receive a response from Officials to these findings.

CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-001	Gate Admission Reconciliations	Yes	Corrected.



Mary Taylor, CPA
Auditor of State

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
JANUARY 10, 2008**