



Mary Taylor, CPA  
Auditor of State



CLERMONT COUNTY AGRICULTURAL SOCIETY  
CLERMONT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - For the Years Ended November 30, 2007 and 2006 .....	5
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15

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**Mary Taylor, CPA**  
Auditor of State

Clermont County Agricultural Society  
Clermont County  
P.O. Box 369  
Owensville, Ohio 45160

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 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

January 6, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Clermont County Agricultural Society  
Clermont County  
P.O. Box 369  
Owensville, Ohio 45160

To the Board of Directors:

We have audited the accompanying financial statements of the Clermont County Agricultural Society, Clermont County, Ohio (the Society), as of and for the years ended November 30, 2007 and 2006. 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 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, 2007 and 2006 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, 2007 and 2006, 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 balances of the Clermont County Agricultural Society, Clermont County, as of November 30, 2007 and 2006, and its combined 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 January 6, 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

January 6, 2009



**CLERMONT COUNTY AGRICULTURAL SOCIETY  
CLERMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2007 AND 2006**

<b>Operating Receipts:</b>	<u><b>2007</b></u>	<u><b>2006</b></u>
Admissions	\$234,133	\$236,559
Privilege Fees	64,207	63,703
Rentals	120,119	128,647
Other Operating Receipts	<u>68,693</u>	<u>77,394</u>
Total Operating Receipts	<u>487,152</u>	<u>506,303</u>
<b>Operating Disbursements:</b>		
Wages and Benefits	38,951	40,917
Utilities	75,380	66,000
Professional Services	39,710	19,988
Equipment and Grounds Maintenance	140,704	143,943
Race Purse	48,395	48,923
Senior Fair	29,998	44,796
Junior Fair	15,861	17,598
Capital Outlay	197,613	24,955
Other Operating Disbursements	<u>119,555</u>	<u>97,546</u>
Total Operating Disbursements	<u>706,167</u>	<u>504,666</u>
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	<u>(219,015)</u>	<u>1,637</u>
<b>Non-Operating Receipts:</b>		
State Support	29,044	29,155
County Support	18,000	24,000
Restricted Donations/Contributions	6,325	11,458
Unrestricted Donations/Contributions	30,770	23,275
Investment Income	<u>14,590</u>	<u>9,245</u>
Total Non-Operating Receipts	<u>98,729</u>	<u>97,133</u>
Excess (Deficit) of Receipts Over (Under) Disbursements	(120,286)	98,770
Cash Balance, Beginning of Year	<u>417,932</u>	<u>319,162</u>
<b>Cash Balance, End of Year</b>	<u><b>\$297,646</b></u>	<u><b>\$417,932</b></u>

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

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**CLERMONT COUNTY AGRICULTURAL SOCIETY  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2007 AND 2006**

**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 Clermont County Agricultural Society, Clermont 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 1849 to operate an annual agricultural fair. The Society sponsors the week-long Clermont County Fair during July. During the fair, harness races are held, culminating in the running of the Ohio Colts Racing Association Harness Races. Clermont County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of eighteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Clermont 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 and other year round activities at the fairgrounds including facility rental, stall rental, and community events including Trade Days. The reporting entity does not include any other activities or entities of Clermont 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.

**B. Accounting Basis**

This financial statement follows 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.

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

**C. Cash Deposits**

Society funds are pooled in a checking account and certificate of deposits with a local commercial bank. Interest earnings are recognized and recorded when received.

**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. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses.

**CLERMONT COUNTY AGRICULTURAL SOCIETY  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

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

**F. 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.

**H. Race Purse**

Ohio Colts Racing Association Harness Races are held during the Clermont County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 3 for additional information.

**I. Pari-mutuel Wagering**

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statement as Pari-mutuel Wagering Commission. See Note 3 for additional information.

**CLERMONT COUNTY AGRICULTURAL SOCIETY  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**2. CASH DEPOSITS**

The carrying amount of cash and deposits at November 30, 2007 and 2006 follows:

	2007	2006
Demand deposits	\$297,646	\$280,682
Certificates of Deposit	0	137,250
Total deposits	\$297,646	\$417,932

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**3. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the years ended November 30, 2007 and 2006 was \$17,696 and \$17,704 respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Pari-mutuel Wagering Commission (commission) which is the Society's share of total pari-mutuel wagers after paying winning bettors. The expenses of providing the pari-mutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	2007	2006
Total Amount Bet (Handle)	\$ 6,666	\$ 7,730
Less: Payoff to Bettors	(5,363)	(6,205)
Parimutuel Wagering Commission	1,303	1,525
Tote Service Set Up Fee	(400)	(400)
Tote Service Commission	(567)	(708)
State Tax	(147)	(181)
Society Portion	\$ 189	\$ 236

**CLERMONT COUNTY AGRICULTURAL SOCIETY  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**4. SOCIAL BENEFIT PLAN**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2007 & 2006, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's salaries through November 30, 2007 and 2006.

**5. RISK MANAGEMENT**

The Clermont County Commissioners provide general insurance coverage for all the buildings on the Clermont County Fairgrounds pursuant to Ohio Revised Code § 1711.24.

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

**CLERMONT COUNTY AGRICULTURAL SOCIETY  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000, and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$14,335. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**CLERMONT COUNTY AGRICULTURAL SOCIETY  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

<b>Contributions to PEP</b>	
2005	\$12,478
2006	\$14,599
2007	\$14,594

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date.

Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**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 Clermont County Fair. The Society disbursed \$15,801 in 2007 and \$16,269 in 2006 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$3,811 in 2007 and \$3,845 in 2006 by the Ohio Department of Agricultural 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 unaudited financial activity for the years ended November 30 follows:

	2007	2006
Beginning Cash Balance	\$ 6,013	\$1,675
Receipts	14,608	19,192
Disbursements	<u>(16,958)</u>	<u>(\$14,854)</u>
Ending Cash Balance	<u>\$ 3,663</u>	<u>\$6,013</u>



**CLERMONT COUNTY AGRICULTURAL SOCIETY  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**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 Clermont County's auction. Monies to cover the cost of the auction are generated through a 3% commission per head, and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's unaudited financial activity for the years ended November 30 follows:

	<u>2007</u>	<u>2006</u>
Beginning Cash Balance	\$ 36,571	59,359
Receipts	480,470	279,733
Disbursements	<u>(499,199)</u>	<u>(302,521)</u>
Ending Cash Balance	<u>\$ 17,842</u>	<u>36,571</u>

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# 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*

Clermont County Agricultural Society  
Clermont County  
P.O. Box 369  
Owensville, Ohio 45160

To the Board of Directors:

We have audited the financial statements of the Clermont County Agricultural Society, Clermont County, Ohio (the Society), as of and for the year ended November 30, 2007 and 2006, and have issued our report thereon dated January 6, 2009 wherein we noted the Society followed accounting practices the Auditor of State prescribes or permits 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Society's management in a separate letter dated January 6, 2009.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Government'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 that we must report under *Government Auditing Standards*.

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

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

**Mary Taylor, CPA**  
Auditor of State

January 6, 2009



**Mary Taylor, CPA**  
Auditor of State

**AGRICULTURAL SOCIETY**

**CLERMONT 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 27, 2009**