



Dave Yost • Auditor of State



CLINTON COUNTY AGRICULTURAL SOCIETY  
CLINTON 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 Year Ended November 30, 2010 and 2009 .....	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> .....	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings .....	15

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# Dave Yost • Auditor of State

Clinton County Agricultural Society  
Clinton County  
6406 State Route 73 South  
Wilmington, Ohio 45177

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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**Dave Yost**  
Auditor of State

May 2, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Clinton County Agricultural Society  
Clinton County  
6406 State Route 73 South  
Wilmington, Ohio 45177

To the Board of Directors:

We have audited the accompanying financial statements of the Clinton County Agricultural Society, Clinton County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009. 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.

Except as described in paragraph three, 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.

We were unable to obtain sufficient documentation supporting admission receipts for 2009, which are included in the Admissions transaction line item. Without this evidential matter, we were unable to obtain sufficient information regarding the receipts recorded for the financial statement or to satisfy ourselves regarding the validity of the underlying transactions through other auditing procedures. In 2009, the undocumented admissions receipts represent 49% of total operating receipts, recorded on the financial statement.

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 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, except for such adjustments, if any, might have been determined to be necessary had we been able to obtain sufficient evidence supporting the 2009 admission receipts noted in paragraph three, the financial statements referred to above present fairly, in all material respects, the cash balances of the Clinton County Agricultural Society, Clinton County, as of November 30, 2010 and 2009, 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 April 22, 2011, 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.



**Dave Yost**  
Auditor of State

May 2, 2011



**CLINTON COUNTY AGRICULTURAL SOCIETY  
CLINTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Operating Receipts:</b>		
Admissions	\$146,600	\$185,286
Privilege Fees	52,267	49,852
Rentals	94,520	97,681
Sustaining and Entry Fees	8,762	10,750
Parimutuel Wagering Commission	46	277
Other Operating Receipts	34,887	36,546
 Total Operating Receipts	 337,082	 380,392
<b>Operating Disbursements:</b>		
Utilities	64,117	60,285
Professional Services	47,756	58,372
Equipment and Grounds Maintenance	102,105	75,342
Race Purse	24,820	19,262
Senior Fair	53,212	56,815
Junior Fair	231	1,016
Capital Outlay	5,521	-
Other Operating Disbursements	95,055	85,430
 Total Operating Disbursements	 392,817	 356,522
 Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	 (55,735)	 23,870
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	23,562	20,444
County Support	22,082	5,300
Sale of Assets	-	2,780
Donations/Contributions	19,325	16,481
Investment Income	708	1,149
Debt Service	-	(23,105)
 Net Non-Operating Receipts (Disbursements)	 65,677	 23,049
 Excess (Deficiency) of Receipts Over (Under) Disbursements	 9,942	 46,919
 Cash Balance, Beginning of Year	 126,039	 79,120
 <b>Cash Balance, End of Year</b>	 <b>\$135,981</b>	 <b>\$126,039</b>

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

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**CLINTON COUNTY AGRICULTURAL SOCIETY  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2009 AND 2010**

**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 Clinton County Agricultural Society, Clinton 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 1837 to operate an annual agricultural fair. The Society sponsors the week-long Clinton County Fair during July. During the fair, harness races are held. Clinton 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 Clinton 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 harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Clinton County, Ohio.

Notes 7 and 8, respectively, summarize the 4-H Committee 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's funds are maintained in a checking account, savings account, and certificate of deposit with a local community bank. Interest earned is 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.

**CLINTON COUNTY AGRICULTURAL SOCIETY  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

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

**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.

**G. Race Purse**

Stake races are held during the Clinton 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 the Clinton County Harness Horseman's 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 4 for additional information.

**H. 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.

**CLINTON COUNTY AGRICULTURAL SOCIETY  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**2. DEPOSITS AND INVESTMENTS**

The carrying amount of deposits at November 30, 2010 and 2011 was as follows:

	2010	2009
Demand deposits	\$50,304	\$50,849
Public NOW	30,737	30,591
Certificates of deposit	54,941	44,599
Total deposits	\$135,982	\$126,039

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation up to \$250,000.

**3. HORSE RACING**

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2010 and 2009 was \$23,562 and \$20,444, 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.

	2010	2009
Total Amount Bet (Handle)	\$ 1,972	\$ 4,513
Less: Payoff to Bettors	(1,141)	(2,054)
Parimutuel Wagering Commission	831	2,459
Tote Service Commission	(709)	(1,463)
State Tax	(113)	(333)
Society Portion	\$ 9	\$ 663

**4. DEBT AGREEMENT – PAYMENTS TO THE COUNTY**

In 2008, the Society's bond anticipation note was reissued as bonds in the amount of \$515,000 at variable interest payable to Clinton County. In 2010, the Society did not pay any interest or principal on their debt. In 2009, the Society paid \$23,105 related to the County's obligation for principal. The Society has agreed to pay directly the County an amount equal to the annual principal and interest due by the County for the debt obligation.

In 2011, the Society negotiated with Clinton County to pay monthly amounts to repay the missed payments in 2010. As of May 2, the Society has made 4 payments.

**CLINTON COUNTY AGRICULTURAL SOCIETY  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2010 AND 2009  
(Continued)**

**5. RISK MANAGEMENT**

The Clinton County Commissioners provide general insurance coverage for all the buildings on the Clinton County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000. The Society's Treasurer and Secretary are bonded with coverage of \$150,000 for each position.

**6. 4-H COUNCIL**

The Clinton County 4-H Council, 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 Clinton County Fair. The Society disbursed \$231 and \$1,016 for the years ending November 30, 2010 and 2009, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair. The 4-H Council accounts for its activities separately. These accompanying financial statements do not include this activity. The 4-H Council's financial activity for the years ended November 30, 2010 and 2009 follows:

	2010	2009
Beginning Cash Balance	\$ 56,003	\$ 52,010
Receipts	91,913	71,493
Disbursements	(94,003)	(67,500)
Ending Cash Balance	\$ 53,913	\$ 56,003

**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 Clinton County's auction. A commission of two and one-half percent (2.5%) for cattle plus ten dollars (\$10.00) per head, and five percent (5%) for goats, lambs, and hogs is assessed on the auction price to cover auction costs. The Junior Livestock Committee retains this money. The total auction amount for the years ended November 30, 2010 and 2009 was \$310,649 and \$313,921, and the Junior Livestock Sale Committee received \$16,193 and \$15,270, respectively. 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, 2010 and 2009 is included in the 4-H Council financial activity in Note 6.



# Dave Yost • Auditor of State

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

Clinton County Agricultural Society  
Clinton County  
6406 State Route 73 South  
Wilmington, Ohio 45177

To the Board of Directors:

We have audited the financial statements of the Clinton County Agricultural Society, Clinton County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009, and have issued our report thereon dated May 2, 2011, wherein we qualified our opinion for 2009 due to a lack of sufficient documentation supporting admission receipts included in the 2009 Admissions transaction line item. We also noted the Society followed 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 and 2010-002 described in the accompanying schedule of findings to be material weaknesses.

### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated May 2, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

May 2, 2011



**CLINTON COUNTY AGRICULTURAL SOCIETY  
CLINTON COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

**Material Weakness – Receipts**

Different groups sell admission tickets at the various entry gates on behalf of the Society for the County Fair. In 2009, the tickets sold, although numbered, were not accounted for when given out to the groups for sale, nor when returned, making it impossible to determine how many tickets were sold in total.

In 2009, per the Ticket Sales Records total admissions collected were \$185,286. Of those admissions, according to the bank deposits, \$150,428 were collected at the gate. There were no ticket stubs attached to bank deposit slips, and there were multiple deposits each day for each entry gate, and no gate receipts (100%) could be tied to a deposit slip. Additionally, the deposit slips were not included in the Ticket Sales Records (TSR's), or the accounting records. No breakdown of the amounts included in the deposit slips was done in 2009.

In 2010, beginning and ending ticket numbers were recorded, but two days of gate receipts did not recalculate (i.e. shortage). The Society had an agreement to pay the Wilmington Lions Club \$3,000 for collecting gate receipts during the 2009 and 2010 Clinton County Fair. The Society's Minutes record of August 2, 2010 indicate that the Wilmington Lions Club discovered funds missing from the 2010 gate receipt collections of approximately \$3,000. The amount was recalculated by auditors at \$2,891. The Society and Lions Club agreed that the Lions Club would not be paid the \$3,000 in 2010 to make up for the missing money. Until notification by the Lions Club, the Society was unaware of the shortage in collections. The Society did document the shortage and circumstances in their minutes, but did not record anything in their accounting records.

In 2009, the Society did not establish internal control procedures over admission receipts. In addition, proper supporting documentation was not maintained for all 2009 admission receipts resulting in a qualified financial statement opinion for 2009.

In 2010, the Society did establish internal control procedures over admission receipts and maintained documentation of admission receipts, but did not compare ticket sales to bank deposits.

Failure to maintain and/or monitor appropriate accounting records could result in uncollected funds, inaccurate financial reporting, and/or loss or theft of funds.

We recommend the Society use due care when processing gate receipts. Supporting documentation should be maintained. The amount received should be reconciled to the amount collected and deposited.

**FINDING NUMBER 2010-002**

**Material Weakness – Debt**

The Society did not make all of its scheduled payments towards its debt to Clinton County in FY 2010. According to the Debt Amortization Schedule, the following payments were not made:

Date Due	Principal or Interest	Amount
6/1/2009	Interest	\$9,203.13
12/1/2009	Principal	\$20,000
6/1/2010	Interest	\$8,878.13

The Society does not have a system in place to make sure that its debt payments are made timely. Neglecting to pay debt timely can lead to penalties and service charges.

We recommend that the Society use a calendar or develop a "Tickler" file of outstanding debt and the dates that payments for principal and interest are due.

In 2011, the Society renegotiated with the County to pay the missed payments on a monthly basis. As of May 2, 2011, the Society has made 4 payments to the County.

**We did not receive a response from officials regarding the findings reported above.**

**CLINTON COUNTY AGRICULTURAL SOCIETY  
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Lack of controls over certain receipts.	Partially corrected	Reissued as Finding 2010-001
2008-002	IRS 1099 Reporting	Yes	Finding No Longer Valid
2008-003	Lack of controls over financial reporting.	Yes	Finding No Longer Valid

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# Dave Yost • Auditor of State

CLINTON COUNTY AGRICULTURAL SOCIETY

CLINTON 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  
MAY 26, 2011