



Dave Yost • Auditor of State

CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clermont County Agricultural Society
Clermont County
PO Box 369
Owensville, Ohio 45160

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Clermont County Agricultural Society, Clermont County, (the Society) as of and for the years ended November 30, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Society prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Clermont County Agricultural Society, Clermont County as of November 30, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2015, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

February 4, 2015

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

	2013	2012
Operating Receipts:		
Admissions	\$293,537	\$242,965
Privilege Fees	48,808	54,467
Rentals	136,357	144,869
Utility Fees	20,607	21,599
Contest & Membership Fees	15,303	12,039
Sponsorships	46,076	49,576
Other Operating Receipts	20,166	20,736
Total Operating Receipts	580,854	546,251
Operating Disbursements:		
Wages and Benefits	45,229	45,162
Utilities	80,543	77,903
Professional Services	184,612	182,300
Equipment and Grounds Maintenance	59,777	62,741
Senior Fair	21,220	22,104
Junior Fair	19,382	17,181
Capital Outlay	26,274	36,916
Other Operating Disbursements	118,775	127,979
Total Operating Disbursements	555,812	572,286
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	25,042	(26,035)
Non-Operating Receipts (Disbursements):		
State Support	6,242	5,665
County Support	3,300	6,600
Donations/Contributions	8,070	10,076
Investment Income	194	315
Sale of Real Property	1,500	0
Debt Service	(88,613)	(40,085)
Net Non-Operating Receipts (Disbursements)	(69,307)	(17,429)
Excess (Deficiency) of Receipts Over (Under) Disbursements	(44,265)	(43,464)
Cash Balance, Beginning of Year	227,418	270,882
Cash Balance, End of Year	\$183,153	\$227,418

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 31, 2013 AND 2012**

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, (the Society) as a body corporate and politic. The Society is an independent 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. Clermont County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty 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, track and stall rental. The reporting entity does not include any other activities or entities of Clermont 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Society's accounting basis includes investments as assets. The Society did not hold investments during this period. The Society maintained deposits in checking and savings accounts.

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.

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 31, 2013 AND 2012
(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.

2. Cash Deposits

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2013 and 2012 was as follows:

	2013	2012
Demand deposits	\$183,153	\$227,418
Total deposits	\$183,153	\$227,418

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

3. 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 provides workers compensation coverage on all employees through the State of Ohio workers compensation fund.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 31, 2013 AND 2012
(Continued)**

3. Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013:

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Society's share of these unpaid claims collectible in future years is approximately \$10,000.

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.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$14,800	\$14,504

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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.

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 31, 2013 AND 2012
(Continued)**

4. Related Party Transactions

A Board member is the owner of a company from which the Society acquired grounds work during the year. The Society paid \$15,730 in 2013 and \$26,379 in 2012 for these services.

Another Board member is the owner of a company from which the Society acquired sound systems services during the fair. The Society paid \$11,900 in 2013 and \$11,900 in 2012 for these services.

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 Clermont County Fair. The Society disbursed \$19,382 in 2013 and \$17,181 in 2012 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 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 2013 and 2012 follows:

	2013	2012
Beginning Cash Balance	\$ 10,308	\$ 11,017
Receipts	29,286	30,799
Disbursements	(29,198)	(31,508)
Ending Cash Balance	\$ 10,396	\$ 10,308

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 Clermont County's auction. A commission of 5 percent (2013) and 4 percent (2012) 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 2013 and 2012 follows:

	2013	2012
Beginning Cash Balance	\$ 53,570	\$ 930
Receipts	13,233	215,716
Disbursements	(49,824)	(163,076)
Ending Cash Balance	\$ 16,979	\$ 53,570



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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*

Clermont County Agricultural Society
Clermont County
PO Box 369
Owensville, Ohio 45160

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 Clermont County Agricultural Society, Clermont County, (the Society) as of and for the years ended November 30, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated February 4, 2015 wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

February 4, 2015



Dave Yost • Auditor of State

CLERMONT COUNTY 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
FEBRUARY 17, 2015**