



**Auditor of State
Betty Montgomery**

CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2003	3
Notes to the Financial Statement	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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 Clermont County Agricultural Society, Clermont County, Ohio (the Society), as of and for the year then ended November 30, 2003. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Society as of November 30, 2003, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, audit committee and the Board of Directors, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

November 18, 2004

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2003**

Operating Receipts:	
Admissions	\$222,698
Privilege Fees	78,274
Rentals	120,520
Sustaining and Entry Fees	18,765
Parimutuel Wagering Commission	233
Other Operating Receipts	<u>33,339</u>
Total Operating Receipts	<u>473,829</u>
Operating Disbursements:	
Wages and Benefits	86,910
Utilities	48,243
Professional Services	44,064
Equipment and Grounds Maintenance	83,193
Race Purse	49,528
Senior Fair	33,242
Junior Fair	17,215
Capital Outlay	46,496
Other Operating Disbursements	<u>56,261</u>
Total Operating Disbursements	<u>465,152</u>
Excess of Operating Receipts Over Operating Disbursements	<u>8,677</u>
Non-Operating Receipts (Disbursements):	
State Support	36,925
County Support	3,300
Restricted Donations/Contributions	22,840
Unrestricted Donations/Contributions	12,210
Investment Income	3,160
Debt Service	<u>(57,490)</u>
Net Non-Operating Receipts (Disbursements)	<u>20,945</u>
Excess of Receipts Over Disbursements	29,622
Cash Balance, Beginning of Year	<u>184,225</u>
Cash Balance, End of Year	<u><u>\$213,847</u></u>

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

This page intentionally left blank.

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Clermont County Agricultural Society, Clermont County, Ohio (the Society), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1849 to direct the operation of 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 responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 18 directors serving staggered three-year terms, elected from the membership of the Society. 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, harness racing during fair week. Other year round activities at the fairgrounds including facility rental, stall rental, and community events. The reporting entity does not include any other activities or entities of Clermont County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 7 and Note 8, respectively.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Basis of Accounting

This financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. 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.

D. Cash and Deposits

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

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

F. Restricted Support

Restricted support includes amounts that are required by the donor to be set aside for specific uses.

G. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3), of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

H. Race Purse

Ohio Colts Racing Association Harness Races are conducted 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 the Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statement as Sustaining and Entry Fees.

Ohio Fairs Fund

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

I. Parimutuel 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 *Ahandle@*), less commission, is paid to bettors in accordance with the payoffs, as determined by the parimutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the parimutuel wagering system.

Parimutuel wagering commission (commission) is the Society's share of total parimutuel 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 Parimutuel Wagering Commission. See Note 3 for additional information.

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003
(Continued)**

2. CASH AND DEPOSITS

The carrying amount of cash and deposits at November 30, 2003 follows:

Checking Account	\$ 172,681
Certificate of Deposits	<u>41,166</u>
Total Deposits	<u>\$ 213,847</u>

Deposits: \$100,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). The remainder was collateralized by the financial institution's public entity deposit pool.

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2003 was \$24,384 and is included within State Support on the accompanying financial statement.

Parimutuel Wagering

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

Total Amount Bet (Handle)	\$ 7,683
Less: Payoff to Bettors	<u>(6,180)</u>
Parimutuel Wagering Commission	1,503
Tote Service Set Up Fee	(400)
Tote Service Commission	(700)
State Tax	<u>(170)</u>
Society Portion	<u>\$ 233</u>

4. DEBT

In August 1993, the Society entered into a Mortgage Note in the amount of \$165,000 for the building of the multipurpose building on the Clermont County fairgrounds. The note had an interest rate of 6.0% and had an original maturity of August 2006. Payments were made to The Citizens Bank of Higginsport. As of December 1, 2002 the loan had a balance of \$54,663. During 2003, the Society retired the entire principal of \$54,663 and paid interest related to the note of \$2,733.

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003
(Continued)**

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2003, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2003.

6. 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 Government 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

PEP retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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.

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003
(Continued)**

6. 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 retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$25,288,098	\$20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained earnings	<u>\$12,415,113</u>	<u>\$11,624,228</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$3,158,813	\$2,565,408
Liabilities	(792,061)	(655,318)
Retained earnings	<u>\$2,366,752</u>	<u>\$1,910,090</u>

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through February 2005.

7. 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 \$17,215 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 \$4,209 by the Ohio Department of Agriculture for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statement does not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the year ended November 30, 2003 follows:

Beginning Cash Balance	\$3,693
Receipts	11,798
Disbursements	<u>(14,192)</u>
Ending Cash Balance	<u><u>\$1,299</u></u>

**CLERMONT COUNTY AGRICULTURAL SOCIETY
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003
(Continued)**

8. 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 statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended November 30, 2003 follows:

Beginning Cash Balance	\$2,266
Receipts	526,964
Disbursements	<u>(478,118)</u>
Ending Cash Balance	<u><u>\$51,112</u></u>



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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 statement of Clermont County Agricultural Society, Clermont County, Ohio (the Society), as of and for the year then ended November 30, 2003, and have issued our report thereon dated November 18, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, noted certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated November 18, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that does not require inclusion in this report that we have reported to the Society's management in a separate letter dated November 18, 2004.

This report is intended solely for the information and use of management, audit committee and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

November 18, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
DECEMBER 28, 2004**