



**Auditor of State
Betty Montgomery**

CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY

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**Auditor of State
Betty Montgomery**

Clark County Agricultural Society
Clark County
4401 South Charleston Pike
Springfield, Ohio 45502

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 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 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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 30, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Clark County Agricultural Society
Clark County
4401 South Charleston Pike
Springfield, OH 45502

To the Board of Directors:

We have audited the accompanying financial statements of the Clark County Agricultural Society, Clark County, (the Society), as of and for the years ended November 30, 2004 and 2003. 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2004. While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, 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 year ended November 30, 2004 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 31, 2004, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Clark County Agricultural Society, Clark County, as of November 30, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2004. 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 September 30, 2005, 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 black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 30, 2005

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2004**

	2004
Operating Receipts:	
Admissions	\$207,553
Privilege Fees	151,158
Rentals	385,081
Other Operating Receipts	122,857
Total Operating Receipts	866,649
Operating Disbursements:	
Wages and Benefits	284,901
Utilities	145,005
Professional Services	97,317
Equipment and Grounds Maintenance	122,324
Senior Fair	113,760
Junior Fair	21,446
Capital Outlay	46,692
Other Operating Disbursements	118,762
Total Operating Disbursements	950,207
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(83,558)
Non-Operating Receipts (Disbursements):	
State Support	7,134
County Support	41,300
Debt Proceeds	28,680
Donations/Contributions	32,641
Debt Service	(18,652)
Net Non-Operating Receipts (Disbursements)	91,103
Excess (Deficiency) of Receipts Over (Under) Disbursements	7,545
Cash Balance, Beginning of Year	15,148
Cash Balance, End of Year	\$22,693

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

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

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

	2003
Operating Receipts:	
Admissions	\$208,389
Privilege Fees	136,021
Rentals	404,622
Other Operating Receipts	132,496
Total Operating Receipts	881,528
Operating Disbursements:	
Wages and Benefits	261,341
Utilities	157,529
Professional Services	94,873
Equipment and Grounds Maintenance	126,106
Senior Fair	124,769
Junior Fair	22,919
Capital Outlay	33,604
Other Operating Disbursements	103,250
Total Operating Disbursements	924,391
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(42,863)
Non-Operating Receipts (Disbursements):	
State Support	7,541
County Support	43,300
Donations/Contributions	38,856
Debt Proceeds	15,814
Investment Income	249
Debt Service	(58,082)
Net Non-Operating Receipts (Disbursements)	47,678
Excess (Deficiency) of Receipts Over (Under) Disbursements	4,815
Cash Balance, Beginning of Year	10,333
Cash Balance, End of Year	\$15,148

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

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Clark County Agricultural Society, Clark County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1947 to operate an annual agricultural fair. The Society sponsors the week-long Clark County Fair during July. Clark County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Clark County and pay an annual membership fee to the Society.

B. Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds, including the annual fair. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including the antique shows, motorcycle races, car shows and car swap meets. The reporting entity does not include any other activities or entities of Clark County, Ohio.

Notes 6 and 7, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

C. Basis of Accounting

This financial statement follows the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred

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

D. Cash and Investments

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

E. Budgetary Process

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

F. Property, Plant, and Equipment

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

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted

Restricted support includes amounts that donors restrict for specific uses.

H. Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509 (a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Society's basis of accounting does not report these amounts as liabilities.

2. BUDGETARY ACTIVITY

For the year ended November 30, 2004, the Society had budgeted receipts of \$962,500, actual receipts of \$976,404, resulting in a variance of \$13,904. Additionally, the Society had budgeted disbursements of \$901,800 actual disbursements of \$968,859, resulting in a variance of (\$67,059). For the year ended November 30, 2003, the Society had budgeted receipts of \$971,935, actual receipts of \$987,288, resulting in a variance of \$15,353. Additionally, the Society had budgeted disbursements of \$942,410, actual disbursements of \$982,473, resulting in a variance of (\$40,063).

Contrary to the Society's budgetary policy, actual disbursements exceeded budgeted disbursements for the years ended November 30, 2004 and 2003.

3. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$22,693	\$15,148
Total deposits	<u>22,693</u>	<u>15,148</u>

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance, of which both years were covered under.

4. DEBT

The Society maintains a \$25,000 line of credit at a variable interest rate with Security National Bank for operating purposes. During 2003 the Society borrowed \$15,183 against this line of credit, paying it off in 2004. The Society did not borrow against this line of credit during 2004.

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(Continued)**

4. DEBT (Continued)

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

Amortization of the above debt is scheduled as follows:

Year ending November 30:	Tractor Note	Interest	Total
2005	\$5,219	\$1,355	\$6,574
2006	5,513	1,061	6,574
2007	5,824	750	6,574
2008	6,153	421	6,574
2009	4,291	89	4,380
Total	<u>\$27,000</u>	<u>\$3,676</u>	<u>\$30,676</u>

5. RISK MANAGEMENT

The Society provides health coverage for full-time, supervisory employees through United Healthcare.

The Clark County Commissioners provide general insurance coverage for all the buildings on the Clark County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$500,000 and \$1,000,000 respectively. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,500. The Society's Treasurer is bonded with coverage of \$140,000.

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

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Clark County Fair. The Society disbursed nothing directly to the Junior Fair Board and \$44,365 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Clark County paid the Society \$4,078 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30 follows:

	2004	2003
Beginning Cash Balance	\$ 3,752	\$ 3,406
Receipts	18,467	18,749
Disbursements	18,980	18,403
Ending Cash Balance	<u>\$ 3,239</u>	<u>\$ 3,752</u>

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2004 AND 2003
(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 Clark County's auction. A commission of 3 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$ 60,315	\$ 45,872
Receipts	1,487,160	1,369,168
Disbursements	4,465,514	1,354,725
Ending Cash Balance	<u>\$ 81,961</u>	<u>\$ 60,315</u>



Auditor of State Betty Montgomery

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

Clark County Agricultural Society
Clark County
4401 South Charleston Pike
Springfield, Ohio 45502

To the Board of Directors:

We have audited the financial statements of the Clark County Agricultural Society, Clark County, (the Society), as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated September 30, 2005, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely effect the Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2004-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Society's management dated September 30, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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*. In a separate letter to the Society's management dated September 30, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Board of Directors. It is not intended for anyone other than these specified parties.

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Betty Montgomery
Auditor of State

September 30, 2005

CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED NOVEMBER 30, 2004 AND 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2004-001

Reportable Condition – Gate Admissions

The Society sold tickets for gate admission to the fair. Each gate and shift maintained a ticket accountability sheet; however the amount receipted daily did not always reconcile with the amount deposited or the amount of tickets sold. The table below indicates the disparity between the total deposited and the total receipted for gate admissions.

	<u>Per Financial Statements</u>	<u>Per Deposits</u>	<u>Per Receipts</u>
2004	\$129,853	\$129,853	\$128,039
2003	\$123,993	\$123,993	\$122,352

The Society should maintain reconciliations between tickets sold, revenue received (with all revenue received being deposited), revenue posted and revenue deposited with the bank. This reconciliation should be performed on a daily basis to assure the tickets sold for each day agree to the money being deposited. This will help determine the completeness of gate admissions and the reasonableness of tickets sold.

Additionally the Society established a \$10,000 change fund although it was not always maintained at that amount. At times, the Society deposited a portion of this change fund along with the ticket revenue, thus reducing the accuracy of any reconciliation and preventing the beginning balance to remain constant throughout the week. The beginning balance each day should be consistent throughout the entire week of the fair to provide for an accurate means of determining and reconciling daily receipts.

The Society should adopt and implement controls over the completeness of reconciling gate admissions to prevent revenue from being lost, misused or unrecorded.



**Auditor of State
Betty Montgomery**

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AGRICULTURAL SOCIETY

CLARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2005**