

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

OHIO AUDITOR OF STATE KEITH FABER



Board of Directors
Clark County Agricultural Society
4401 South Charleston Pike
Springfield, Ohio 45505

We have reviewed the *Independent Auditor's Report* of the Clark County Agricultural Society, Clark County, prepared by Julian & Grube, Inc., for the audit period December 1, 2016 through November 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clark County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 12, 2019

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**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

To the Board of Directors:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Clark County Agricultural Society, Clark County, Ohio as of and for the fiscal year ended November 30, 2017.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement 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 statement is 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 Clark County Agricultural Society's preparation and fair presentation of the financial statement 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 Clark County Agricultural Society's internal control. Accordingly, we express no such 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 2 of the financial statement, the Clark County Agricultural Society prepared this financial statement 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Clark County Agricultural Society does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Clark County Agricultural Society as of November 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the Clark County Agricultural Society, Clark County as of November 30, 2017, for the fiscal year 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2019, on our consideration of the Clark County Agricultural 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 Clark County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
March 20, 2019

Clark County Agricultural Society
Clark County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Year Ended November 30, 2017

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Operating Receipts	
Admissions	\$ 302,069
Privilege Fees	174,123
Rentals	577,079
Sustaining and Entry Fees	44,589
Other Operating Receipts	<u>60,966</u>
<i>Total Operating Receipts</i>	<u>1,158,826</u>
 Operating Disbursements	
Wages and Benefits	333,659
Utilities	157,357
Professional Services	83,685
Equipment and Grounds Maintenance	76,836
Senior Fair	31,622
Junior Fair	26,810
Capital Outlay	111,582
Property Services	98,289
Repairs	109,213
Rent/Lease	55,771
Other Fair Disbursements	146,051
Other Operating Disbursements	<u>90,352</u>
<i>Total Operating Disbursements</i>	<u>1,321,227</u>
 <i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	 <u>(162,401)</u>
 Non-Operating Receipts (Disbursements)	
State Support	14,961
County Support	131,283
Donations/Contributions	211,561
Investment Income	37
Debt Service	<u>(12,744)</u>
 <i>Net Non-Operating Receipts (Disbursements)</i>	 <u>345,098</u>
 <i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	 182,697
 Cash Balance, Beginning of Year	 <u>159,885</u>
 <i>Cash Balance, End of Year</i>	 <u><u>\$ 342,582</u></u>

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

Clark County Agricultural Society
Clark County

Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2017

Note 1 – Reporting Entity

The Clark County Agricultural Society (the Society), Clark County, is a body politic and corporate 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 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.

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

Notes 9 and 10, 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society’s financial statement consists of a statement of receipts, disbursements and change in fund balance (regulatory cash basis).

Basis of Accounting

This financial statement follows 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).

This statement includes 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.

Deposits and Investments

The Society’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Clark County Agricultural Society
Clark County

Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2017

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

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.

Note 3 – Deposits

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

	<u>2017</u>
Demand deposits (checking account)	\$244,169
Less outstanding checks	(1,624)
Money market	<u>100,037</u>
Total deposits	<u><u>\$342,582</u></u>

Deposits

The Federal Deposit Insurance Corporation insures our deposits at Security National Bank. At November 30, 2017, all of the Society's deposits were covered by the FDIC. The money market account is an insured cash sweep and is completely covered by the FDIC.

Note 4 – Risk Management

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

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 a limit of \$5,000,000. This is an umbrella policy, which also covers members of the Board of Directors. This policy includes crime coverage for employee dishonesty with limits of liability of \$25,000.

The Society paid \$-0- for losses that exceeded insurance coverage.

Clark County Agricultural Society
Clark County

Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2017

Note 5 – Social Security

Society employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Society contributed an amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2017.

Note 6 – Debt

On May 30, 2017, the Society retired the auto note held with Security National Bank by paying off the balance of \$12,744, which includes principal and interest. The note was entered into April 14, 2016 and was set to mature on June 5, 2021. Title was released to the Society.

Note 7 – Construction and Contractual Commitments

Renovation Horse Barns 1 & 2, outstanding balances due on construction in the amount of \$85,820.

Note 8 – Contingent Liabilities

The Society is listed as a defendant in a pending lawsuit. Case #16CV0535 filed August 8, 2016 in the County of Clark. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Society's financial condition.

Note 9 – 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 \$0.00 directly to the Junior Fair Board and \$25,885 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 \$3,300.00 to support Junior Club work. The Junior Fair Board accounts for its activities separately. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2017, follows:

	<u>2017</u>
Beginning Cash Balance	\$ 1,501
Receipts	20,291
Disbursements	<u>(21,140)</u>
Ending Cash Balance	<u>\$ 652</u>

Clark County Agricultural Society
Clark County

Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2017

Note 10 – 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 Fair auction. A commission of 5 percent on auction sales plus \$5 per exhibit on auction sales which covers auction costs. The Junior Livestock Sale 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 fiscal year ended November 30, 2017, follows:

	<u>2017</u>
Beginning Cash Balance	\$ 6,505
Receipts	805,409
Disbursements	<u>(777,341)</u>
Ending Cash Balance	<u><u>\$ 34,573</u></u>

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Julian & Grube, Inc.
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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***

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

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 statement of the cash balances, receipts and disbursements of the Clark County Agricultural Society, Clark County, Ohio, as of and for the fiscal year ended November 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated March 20, 2019, wherein we noted the Clark County Agricultural 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 Clark County Agricultural 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 statement, but not to the extent necessary to opine on the effectiveness of the Clark County Agricultural 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 Clark County Agricultural Society's financial statement. 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Clark County Agricultural Society's financial statement is 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 Clark County Agricultural Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Clark County Agricultural Society's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
March 20, 2019

**CLARK COUNTY AGRICULTURAL SOCIETY
CLARK COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
NOVEMBER 30, 2017**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2017-001

Significant Deficiency - Financial Statement Presentation:

Management is responsible for preparing a complete and accurate financial statement in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statement. For the Society, this could also include reviewing the fiscal year-end QuickBooks detailed reports to ensure activity is reported in the correct line items.

Certain adjustments were made to the financial statement to properly account for the classification of disbursements. The Society properly recorded these disbursements on its general ledger but classified them as “other operating disbursements” on its financial statement. An audit adjustment was recorded to increase “property services” by \$98,289, increase “repairs” by \$109,213, increase “rent/lease” by \$55,771, increase “other fair disbursements” by \$146,051, increase “debt service” non-operating disbursements by \$12,744, and decrease “other operating disbursements” by \$422,068.

The present control and monitoring system does not include a second review of the financial statement to ensure the information accurately portrays the activity of the Society.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Society’s activity.

We recommend the Society design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Society should consider having an outside third-party, or a Board member with financial experience, review the financial report prior to filing in the Hinkle System. We also recommend the Society avoid using the “other operating disbursements” line item to account for such a large portion of its disbursement activity. Segregating these disbursements out on the financial statement more transparently documents the Society’s activity for the fiscal year. Further, the Society should reach out to its auditor throughout the fiscal year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Society will closely monitor all transactions to ensure accurate financial reporting in the future.

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OHIO AUDITOR OF STATE KEITH FABER



CLARK COUNTY 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
APRIL 23, 2019**