



**Auditor of State
Betty Montgomery**

CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON 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, 2002	3
Notes to the Financial Statement	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings	15

This page intentionally left blank.



Auditor of State Betty Montgomery

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 statement of Clinton County Agricultural Society, Clinton County, Ohio (the Society), as of and for the year ended November 30, 2002. 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, 2002, 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 March 7, 2003, 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 management, 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

March 7, 2003

**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2002**

Operating Receipts:	
Admissions	\$145,842
Privilege Fees	35,347
Rentals	71,569
Sustaining and Entry Fees	27,425
Parimutuel Wagering Commission	3,988
Other Operating Receipts	<u>29,453</u>
 Total Operating Receipts	 <u>313,624</u>
Operating Disbursements:	
Wages and Benefits	18,477
Utilities	49,812
Professional Services	53,756
Equipment and Grounds Maintenance	92,080
Race Purse	59,127
Senior Fair	19,069
Junior Fair	5,170
Capital Outlay	34,237
Other Operating Disbursements	<u>36,317</u>
 Total Operating Disbursements	 <u>368,045</u>
(Deficiency) of Operating Receipts	
(Under) Operating Disbursements	<u>(54,421)</u>
Non-Operating Receipts (Disbursements):	
State Support	38,627
County Support	55,385
Donations/Contributions	18,207
Investment Income	133
Debt Service	<u>(42,050)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>70,302</u>
 Excess of Receipts Over (Under) Disbursements	 15,881
 Cash Balance, Beginning of Year	 <u>44,837</u>
 Cash Balance, End of Year	 <u><u>\$60,718</u></u>

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

This page intentionally left blank.

**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Clinton County Agricultural Society, Clinton 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 1837 to direct the operation of 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 responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 15 directors serving staggered three-year terms, elected from the membership of the Society. 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 and simulcast activity occurring at other locations relating to the harness races. This includes the annual fair, harness racing during fair week and simulcast relating to harness racing. 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.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Notes 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. Cash and Deposits

The Society's funds are pooled in a checking account and a certificate of deposit with a local community bank. Interest earned is recognized and recorded when received.

D. 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.

E. Restricted Support

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

**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Race Purse

Stake races are conducted 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. 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.

H. 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 "handle"), 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.

2. CASH AND DEPOSITS

The carrying amount of cash at November 30, 2002 follows:

	<u>2002</u>
Demand deposits	\$30,230
Certificates of deposit	30,488
Total deposits	<u><u>\$60,718</u></u>

Deposits: Deposits are covered by Federal Depository Insurance Corporation (FDIC).

**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002
(Continued)**

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement the purse for the year ended November 30, 2002 was \$25,488 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.

	2002
Total Amount Bet (Handle)	\$ 19,822
Less: Payoff to Bettors	(15,834)
Parimutuel Wagering Commission	3,988
Tote Service Set Up Fee	(600)
Tote Service Commission	(1,746)
State Tax	(478)
Society Portion	\$ 1,164

4. DEBT

Debt outstanding at November 30, 2002 was as follows:

	Principal	Interest Rate
Capital Improvement Note	\$348,855	8.375%
Total		

In March 1998, a note was issued for \$397,000 from the National Bank and Trust at a variable interest rate of 8.375% for a period of twenty years. At the end of five years the note is renegotiated for a new interest rate. The next scheduled review has been established for March 2003. The loan is repaid annually in March with the final payment in 2018. The purpose of this note was to finance the construction of the Expo Building.

**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002
(Continued)**

4. DEBT (Continued)

Amortization of the above debt is scheduled as follows:

<u>Year ending November 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$12,885	\$29,167	\$42,052
2004	14,063	27,989	42,052
2005	14,643	27,409	42,052
2006	15,961	26,091	42,052
2007 - 2018	291,303	166,841	458,144
Total	<u>\$348,855</u>	<u>\$277,497</u>	<u>\$626,352</u>

5. RETIREMENT SYSTEM

The Society does not have employees. All those doing work for the Society are treated as contract labor and issued a 1099 if they earn \$600 or more.

6. 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. General liability and vehicle coverage is provided by The Cincinnati Insurance Company with limits of \$2,000,000 aggregate. The Society's Treasurer is bonded with coverage of \$100,000.

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 Clinton County Fair. The Society disbursed \$5,170 directly to vendors to support Junior Fair activities. These expenses are reflected in the accompanying financial statement as Junior Fair Disbursement. The Society was reimbursed \$500 by Clinton County 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, 2002 follows:

Beginning Cash Balance	\$39,909
Receipts	53,107
Disbursements	<u>(63,307)</u>
Ending Cash Balance	<u>\$29,709</u>

**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2002
(Continued)**

8. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Sale 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. Monies to cover the cost of the auction are generated through a 2.5% commission assessed on the auction price, plus \$10/head for cattle and 5% commission assessed on the auction price for goats, lambs and hogs and are retained by the Junior Livestock Sale Committee. The total auction amount was \$237,232 and the Junior Livestock Sale Committee received \$10,768. The accompanying financial statement does not include the activities of the Junior Livestock Sale Committee. The Junior Livestock Sale Committee's financial activity for the year ended November 30, 2002 is included in the Junior Fair Board financial activity in Note 7.

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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 statement of Clinton County Agricultural Society, Clinton County, Ohio (the Society), as of and for the year ended November 30, 2002, and have issued our report thereon dated March 7, 2003. 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 statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Society in a separate letter dated March 7, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 judgment, could adversely affect the Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2002-60414-001. 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. 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 to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated March 7, 2003.

250 W. Court St. / Suite 150 E / Cincinnati, OH 45202
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

Clinton County Agricultural Society
Clinton County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management 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

March 7, 2003

**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2002**

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

FINDING NUMBER 2002-60414-001

Reportable Condition – Stall Rentals

The Society does not have measures in place to ensure completeness of Stall Rental revenue activities. In addition, the Society does not ensure that stall rental applications are properly approved before it rents stalls to trainers. Failure to adopt and follow procedures for Stall Rentals could result in the Society not collecting the proper amount of money for Stall Rentals and could result in the Society overcharging or undercharging trainers for stall rentals.

We recommend the Society develop and implement procedures designed to assure completeness (i.e., all parties renting stalls have signed a contract and paid all balances) of Stall Rentals. The procedures should include the following:

- Duplicate receipts should be issued for each stall rental;
- A record should be maintained for all rented and vacant stalls each month and matching invoices to individual receipts;
- A comprehensive horse stall inventory system should be implemented that includes the identification of each stall as to whether a horse is racing or not racing, the classification of the type of stall (tack, straw, vacant, occupied with racing horse or non-racing horse, etc.), the amount of rental payment and the period when the account become delinquent; and
- The Society review and initial all stall rent applications to indicate its approval on the stall rental application. The Society should review every stall rent application to ensure that the trainer has agreed to the terms of the rental and that the proper number of stalls are available for rent.

The Secretary's office should be the centralized clearinghouse of all pertinent information and the Board should be updated on the status report on a routine basis.

This page intentionally left blank.

**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1	Lack of ticket reconciliation procedures for tickets sold at the gate	Yes	
2	Contracts were not always pre-numbered, signed by lessee and maintained on file for privilege fee and rental receipts.	No	This matter is addressed in the management letter for 2002.



**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

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
APRIL 1, 2003**