



OHIO AUDITOR OF STATE
KEITH FABER



**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY
NOVEMBER 30, 2022, 2021, 2020 and 2019**

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OHIO AUDITOR OF STATE KEITH FABER

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REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Clinton County Agricultural Society
Clinton County
958 West Main Street
Wilmington, Ohio 45177

To the Board of Directors:

We have selectively tested certain accounts, financial records, reports and other documentation of the Clinton County Agricultural Society, Clinton County, (the Society), as of and for the years ended November 30, 2022, 2021, 2020 and 2019. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider finding 2022-001 through 2022-006 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Society, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2022-001, 2022-002 and 2022-007 through 2022-10.

Government's Response to Findings

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio
April 7, 2025

Clinton County Agricultural Society
Clinton County
Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended November 30, 2022

| | <u>General</u> |
|--|-----------------------|
| Cash Receipts | |
| Unclassified | <u>\$839,746</u> |
| <i>Total Cash Receipts</i> | 839,746 |
| Cash Disbursements | |
| Unclassified | <u>997,620</u> |
| <i>Total Cash Disbursements</i> | 997,620 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (157,874) |
| <i>Fund Cash Balances, December 1</i> | <u>162,470</u> |
| <i>Fund Cash Balances, November 30</i> | <u><u>\$4,596</u></u> |

See accompanying notes to the basic financial statements

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Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Note 1 – Reporting Entity

The Clinton County Agricultural Society (the Society), Clinton 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 1837 to operate an annual agricultural fair. The Society sponsors the week – long Clinton County Fair during July. During the fair, harness races are held, culminating in the running of the Clinton County Harness Racing. Clinton 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 Clinton County and pay an annual membership fee to the Society.

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 including Spring Tractor Pulls and Jeep Jam. The reporting entity does not include any other activities or entities of Clinton County, Ohio.

Note 9 and 10 summarizes the Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are not reported in the Society's financial statement.

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 changes in fund balances (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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Society 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(C) permit.

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

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.

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.

Race Purse

Clinton County stake races are held 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 Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees (which is included in Unclassified Cash Receipts).

Ohio Fairs Fund The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

Pari-mutuel 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 the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel 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 Pari-mutuel Wagering Commission, which is included in Unclassified Cash Disbursements. See Note 4 for additional information.

Note 3 – Deposits

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

| | |
|--|----------------|
| | 2022 |
| Demand deposits | 3,250 |
| Other time deposits (savings and NOW accounts) | 1,346 |
| Total deposits | <u>\$4,596</u> |

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2022, in the amount of \$6,435 as State Support. This amount is included in Unclassified Cash Receipts.

Pari-mutuel Wagering

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

| | |
|--------------------------------|------------------------|
| | <u>2022</u> |
| Total Amount Bet (Handle) | \$ 5,138 |
| Less: Payoff to Bettors | <u>(4,150)</u> |
| Parimutuel Wagering Commission | 988 |
| Tote Service Set Up Fee | (1,350) |
| Tote Service Commission | 0 |
| State Tax | <u>(101)</u> |
| Society Portion | <u><u>\$ (463)</u></u> |

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Clinton County Commissioners provide general insurance coverage for all the buildings on the Clinton County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | 2022 |
|-----------------------|---------------|
| Cash and investments | \$ 42,310,794 |
| Actuarial liabilities | \$15,724,479 |

Note 6 – 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, 2022.

Note 7 – Debt

Debt outstanding at November 30, 2022, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|
| County Loan | <u>164,276</u> | 2.65% |
| Total | <u><u>\$164,276</u></u> | |

Clinton County loaned the Society \$283,684 on February 27, 2019. The interest rate applicable at November 30, 2019, is 2.65 percent.

Amortization of the above debt is scheduled as follows:

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

| Fiscal | | | |
|--------------|--|------------------|------------------|
| Year Ending | | | |
| November 30: | | County Loan | Total |
| 2023 | | \$31,119 | \$31,119 |
| 2024 | | 31,842 | 31,842 |
| 2025 | | 33,289 | 33,289 |
| 2026 | | 33,289 | 33,289 |
| 2027 | | 34,737 | 34,737 |
| | | <u>\$164,276</u> | <u>\$164,276</u> |

The Society is also the lessee in a lease for a tractor. Lease disbursements are recognized when they are paid. The lease commenced on May 11, 2019 and is for four years.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 – Junior Fair Board

The Junior Fair Board, which is composed 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 \$4,058 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement, which is included in Unclassified Cash Disbursements. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2022, follows:

| | 2022 |
|------------------------|---------------|
| Beginning Cash Balance | 945 |
| Receipts | 1,375 |
| Disbursements | (1,806) |
| Ending Cash Balance | <u>\$ 514</u> |

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 Clinton County's auction. A commission of three and a half percent (3.5%) for general fund for all species and three percent (3%) for barn fund for dairy and beef, (1.5%) of the barn fund are for swine, and

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2022

2% barn fund are for poultry, sheep, goats and rabbits. The commission will be assessed on the total premium and re-sale amount. The Junior Livestock Committee retains this money. The total auction amount for the year ended November 30, 2022 was \$356,198, and the Junior Livestock Sale Committee received \$19,623. The accompanying financial statement does not include the Junior Livestock Committee's activity for the year ended November 30, 2022.

Clinton County Agricultural Society
Clinton County
Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended November 30, 2021

| | <u>General</u> |
|---|-------------------------|
| Cash Receipts | |
| Unclassified | <u>\$845,925</u> |
| <i>Total Cash Receipts</i> | 845,925 |
| Cash Disbursements | |
| Unclassified | <u>829,672</u> |
| <i>Total Cash Disbursements</i> | 829,672 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 16,253 |
| <i>Fund Cash Balances, December 1</i> | <u>146,217</u> |
| <i>Fund Cash Balances, November 30</i> | <u><u>\$162,470</u></u> |
| <i>See accompanying notes to the basic financial statements</i> | |

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Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Note 1 – Reporting Entity

The Clinton County Agricultural Society (the Society), Clinton 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 1837 to operate an annual agricultural fair. The Society sponsors the week – long Clinton County Fair during July. During the fair, harness races are held, culminating in the running of the Clinton County Harness Racing. Clinton 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 Clinton County and pay an annual membership fee to the Society.

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 including Spring Tractor Pulls and Jeep Jam. The reporting entity does not include any other activities or entities of Clinton County, Ohio.

Note 9 and 10 summarizes the Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are not reported in the Society's financial statement.

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 changes in fund balances (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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Society 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(C) permit.

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

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.

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.

Race Purse

Clinton County stake races are held 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 Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees, which is included in Unclassified Cash Receipts .

Ohio Fairs Fund The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

Pari-mutuel 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 the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel 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 Pari-mutuel Wagering Commission. See Note 4 for additional information.

Note 3 – Deposits

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

| | |
|--|------------------|
| | 2021 |
| Demand deposits | 62,601 |
| Other time deposits (savings and NOW accounts) | 99,869 |
| Total deposits | <u>\$162,470</u> |

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2021, in the amount of \$150,000 as State Support. This amount is included in Unclassified Cash Receipts.

Pari-mutuel Wagering

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

| | |
|------------------------------------|--------------------|
| | <u>2021</u> |
| Total Amount Bet (Handle) | \$ 7,855 |
| Less: Payoff to Bettors | <u>(6,292)</u> |
| Parimutuel Wagering Commission | 1,563 |
| Tote Service Set Up Fee | (1,300) |
| Tote Service Commission | (154) |
| State Tax | <u>(194)</u> |
| Society Portion | <u>\$ (85)</u> |

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Clinton County Commissioners provide general insurance coverage for all the buildings on the Clinton County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | 2021 |
|-----------------------|---------------|
| Cash and investments | \$ 41,996,850 |
| Actuarial liabilities | \$14,974,099 |

Note 6 – 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, 2021.

Note 7 – Debt

Debt outstanding at November 30, 2021, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|
| County Loan | 195,395 | 2.65% |
| Total | <u><u>\$195,395</u></u> | |

Clinton County loaned the Society \$283,684 on February 27, 2019. The interest rate applicable at November 30, 2019, is 2.65 percent.

Amortization of the above debt is scheduled as follows:

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

| Fiscal | | | |
|--------------|--|------------------|------------------|
| Year Ending | | | |
| November 30: | | County Loan | Total |
| 2022 | | \$31,119 | \$31,119 |
| 2023 | | 31,119 | 31,119 |
| 2024 | | 31,842 | 31,842 |
| 2025 | | 33,289 | 33,289 |
| 2026 | | 33,289 | 33,289 |
| 2027 | | 34,737 | 34,737 |
| | | <u>\$195,395</u> | <u>\$195,395</u> |

The Society is also the lessee in a lease for a tractor. Lease disbursements are recognized when they are paid. The lease commenced on May 11, 2019 and is for four years.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 – Junior Fair Board

The Junior Fair Board, which is composed 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 \$4,058 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement, which is included in Unclassified Cash Disbursements. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2021, follows:

| | 2021 |
|------------------------|----------------------|
| Beginning Cash Balance | <u>1,504</u> |
| Receipts | 1,484 |
| Disbursements | <u>(2,043)</u> |
| Ending Cash Balance | <u><u>\$ 945</u></u> |

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 Clinton County's auction. A commission of three and a half percent (3.5%) for general fund for all

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2021

species and three percent (3%) for barn fund for dairy and beef, (1.5%) of the barn fund are for swine, and 2% barn fund are for poultry, sheep, goats and rabbits. The commission will be assessed on the total premium and re-sale amount. The Junior Livestock Committee retains this money. The total auction amount for the year ended November 30, 2021 was \$359,715, and the Junior Livestock Sale Committee received \$19,698. The accompanying financial statement does not include the Junior Livestock Committee's activity for the year ended November 30, 2021.

Clinton County Agricultural Society
Clinton County
Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended November 30, 2020

| | <u>General</u> |
|---|-------------------------|
| Cash Receipts | |
| Unclassified | <u>\$854,587</u> |
| <i>Total Cash Receipts</i> | 854,587 |
| Cash Disbursements | |
| Unclassified | <u>902,549</u> |
| <i>Total Cash Disbursements</i> | 902,549 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (47,962) |
| <i>Fund Cash Balances, December 1</i> | <u>194,179</u> |
| <i>Fund Cash Balances, November 30</i> | <u><u>\$146,217</u></u> |
| <i>See accompanying notes to the basic financial statements</i> | |

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Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

Note 1 – Reporting Entity

The Clinton County Agricultural Society (the Society), Clinton 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 1837 to operate an annual agricultural fair. The Society sponsors the week – long Clinton County Fair during July. During the fair, harness races are held, culminating in the running of the Clinton County Harness Racing. Clinton 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 Clinton County and pay an annual membership fee to the Society.

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 including Spring Tractor Pulls and Jeep Jam. The reporting entity does not include any other activities or entities of Clinton County, Ohio.

Note 9 and 10 summarizes the Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are not reported in the Society's financial statement.

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

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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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Society 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(C) permit.

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

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.

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.

Race Purse

Clinton County stake races are held 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 Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees, which are included in Unclassified Cash Receipts.

Ohio Fairs Fund The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

Pari-mutuel 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 the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel 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 Pari-mutuel Wagering Commission, which is included in Unclassified Cash Receipts. See Note 4 for additional information.

Note 3 – Deposits

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

| | |
|--|-------------------------|
| | <u>2020</u> |
| Demand deposits | 6,197 |
| Other time deposits (savings and NOW accounts) | <u>140,020</u> |
| Total deposits | <u><u>\$146,217</u></u> |

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2020, in the amount of \$9,969 as State Support. This is included in Unclassified Cash Receipts.

Pari-mutuel Wagering

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

| | |
|------------------------------------|-----------------------|
| | <u>2020</u> |
| Total Amount Bet (Handle) | \$ 3,242 |
| Less: Payoff to Bettors | <u>(2,613)</u> |
| Parimutuel Wagering Commission | 629 |
| Tote Service Set Up Fee | (1,300) |
| Tote Service Commission | (539) |
| State Tax | <u>(68)</u> |
| Society Portion | <u>\$ (1,278)</u> |

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Clinton County Commissioners provide general insurance coverage for all the buildings on the Clinton County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society's policy. The Pool covers the following risks:

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | 2020 |
|-----------------------|---------------|
| Cash and investments | \$ 40,318,971 |
| Actuarial liabilities | \$14,111,510 |

Note 6 – 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, 2020.

Note 7 – Debt

Debt outstanding at November 30, 2020, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-------------|------------------|----------------------|
| County Loan | 225,066 | 2.65% |
| Total | <u>\$225,066</u> | |

Clinton County loaned the Society \$283,684 on February 27, 2019. The interest rate applicable at November 30, 2019, is 2.65 percent.

Amortization of the above debt is scheduled as follows:

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

| Fiscal | | | |
|--------------|--|------------------|------------------|
| Year Ending | | | |
| November 30: | | County Loan | Total |
| 2021 | | \$29,671 | \$29,671 |
| 2022 | | 31,119 | 31,119 |
| 2023 | | 31,119 | 31,119 |
| 2024 | | 31,842 | 31,842 |
| 2025 | | 33,289 | 33,289 |
| 2026-2027 | | 68,026 | 68,026 |
| | | <u>\$225,066</u> | <u>\$225,066</u> |

The Society is also the lessee in a lease for a tractor. Lease disbursements are recognized when they are paid. The lease commenced on May 11, 2019 and is for four years.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 – Junior Fair Board

The Junior Fair Board, which is composed 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 \$7,500 directly to the Junior Fair Board and \$1,500 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement, which is included in Unclassified Cash Disbursements. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2020, follows:

| | 2020 |
|------------------------|-----------------|
| Beginning Cash Balance | 3,246 |
| Receipts | 1,284 |
| Disbursements | (3,026) |
| Ending Cash Balance | <u>\$ 1,504</u> |

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

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2020

through Clinton County's auction. A commission of three and a half percent (3.5%) for general fund for all species and three percent (3%) for barn fund for dairy and beef, (1.5%) of the barn fund are for swine, and 2% barn fund are for poultry, sheep, goats and rabbits. The commission will be assessed on the total premium and re-sale amount. The Junior Livestock Committee retains this money. The total auction amount for the year ended November 30, 2020 was \$319,424, and the Junior Livestock Sale Committee received \$17,630. The accompanying financial statement does not include the Junior Livestock Committee's activity for the year ended November 30, 2020.

Clinton County Agricultural Society
Clinton County
Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended November 30, 2019

| | <u>General</u> |
|---|-------------------------|
| Cash Receipts | |
| Unclassified | <u>\$949,652</u> |
| <i>Total Cash Receipts</i> | 949,652 |
| Cash Disbursements | |
| Unclassified | <u>986,867</u> |
| <i>Total Cash Disbursements</i> | 986,867 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (37,215) |
| <i>Fund Cash Balances, December 1</i> | <u>231,394</u> |
| <i>Fund Cash Balances, November 30</i> | <u><u>\$194,179</u></u> |
| <i>See accompanying notes to the basic financial statements</i> | |

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Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

Note 1 – Reporting Entity

The Clinton County Agricultural Society (the Society), Clinton 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 1837 to operate an annual agricultural fair. The Society sponsors the week – long Clinton County Fair during July. During the fair, harness races are held, culminating in the running of the Clinton County Harness Racing. Clinton 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 Clinton County and pay an annual membership fee to the Society.

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 including Spring Tractor Pulls and Jeep Jam. The reporting entity does not include any other activities or entities of Clinton County, Ohio.

Note 9 and 10 summarizes the Junior Fair Board's and Junior Livestock Sale Committee's financial activity. The Junior Fair Board's and Junior Livestock Sale Committee's financial activity are not reported in the Society's financial statement.

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 changes in fund balances (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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Society 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(C) permit.

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

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.

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.

Race Purse

Clinton County stake races are held 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 Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement reports these fees as Sustaining and Entry Fees, which is included in Unclassified Cash Receipts.

Ohio Fairs Fund The State of Ohio contributes money to the Society from the Ohio Fairs Fund to supplement the race purse. See Note 4 for additional information.

Pari-mutuel 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 the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel 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 Pari-mutuel Wagering Commission, which is included in the Unclassified Cash Receipts. See Note 4 for additional information.

Note 3 – Deposits

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

| | |
|--|------------------|
| | 2019 |
| Demand deposits | 31,224 |
| Other time deposits (savings and NOW accounts) | 162,955 |
| Total deposits | <u>\$194,179</u> |

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 4 – Horse Racing

State Support Portion of Purse

The financial statement reports Ohio Fairs Fund money, received to supplement purse for the fiscal year ended November 30, 2019, in the amount of \$9,969 as State Support. This is included in Unclassified Cash Receipts.

Pari-mutuel Wagering

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

| | |
|------------------------------------|---------------------|
| | <u>2019</u> |
| Total Amount Bet (Handle) | \$ 6,213 |
| Less: Payoff to Bettors | <u>(4,949)</u> |
| Parimutuel Wagering Commission | 1,264 |
| Tote Service Set Up Fee | (1,300) |
| Tote Service Commission | (211) |
| State Tax | <u>(175)</u> |
| Society Portion | <u>\$ (422)</u> |

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Clinton County Commissioners provide general insurance coverage for all the buildings on the Clinton County Fairgrounds pursuant to Ohio Revised Code Section 1711.24.

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

The Society is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Society's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | 2019 |
|-----------------------|---------------|
| Cash and investments | \$ 38,432,610 |
| Actuarial liabilities | \$14,705,917 |

Note 6 – 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, 2019.

Note 7 – Debt

Debt outstanding at November 30, 2019, was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|
| County Loan | 283,684 | 2.65% |
| Total | <u><u>\$283,684</u></u> | |

Clinton County loaned the Society \$283,684 on February 27, 2019. The interest rate applicable at November 30, 2019, is 2.65 percent.

Amortization of the above debt is scheduled as follows:

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

| Fiscal | | | |
|--------------|--|------------------|------------------|
| Year Ending | | | |
| November 30: | | County Loan | Total |
| 2020 | | \$30,395 | \$30,395 |
| 2021 | | 28,224 | 28,224 |
| 2022 | | 29,671 | 29,671 |
| 2023 | | 31,118 | 31,118 |
| 2024 | | 31,118 | 31,118 |
| 2025-2027 | | 133,158 | 133,158 |
| | | <u>\$283,684</u> | <u>\$283,684</u> |

The Society is also the lessee in a lease for a tractor. Lease disbursements are recognized when they are paid. The lease commenced on May 11, 2019 and is for four years.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Society are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 – Junior Fair Board

The Junior Fair Board, which is composed 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 \$7,500 directly to the Junior Fair Board and \$1,500 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement, which is included in Unclassified Cash Disbursements. The Junior Fair Board accounts for its activities separately. The accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the fiscal year ended November 30, 2019, follows:

| | 2019 |
|------------------------|------------------------|
| Beginning Cash Balance | <u>1,294</u> |
| Receipts | 6,516 |
| Disbursements | <u>(4,564)</u> |
| Ending Cash Balance | <u><u>\$ 3,246</u></u> |

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 Clinton County's auction. A commission of three and a half percent (3.5%) for general fund for all

Clinton County Agricultural Society
Clinton County
Notes to the Financial Statement
For the Fiscal Year Ended November 30, 2019

species and three percent (3%) for barn fund for dairy and beef, (1.5%) of the barn fund are for swine, and 2% barn fund are for poultry, sheep, goats and rabbits. The commission will be assessed on the total premium and re-sale amount. The Junior Livestock Committee retains this money. The total auction amount for the year ended November 30, 2019 was \$339,630, and the Junior Livestock Sale Committee received \$18,721. The accompanying financial statement does not include the Junior Livestock Committee's activity for the year ended November 30, 2019.

**CLINTON COUNTY AGRICULTURAL SOCIETY
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2022, 2021, 2020 and 2019**

| | |
|-----------------------|----------|
| <i>Finding Number</i> | 2022-001 |
|-----------------------|----------|

Internal Control Deficiency and Noncompliance – Segregation of Duties

Ohio Admin. Code 117-2-01 states all public officials are responsible for the design and operation of a system of internal controls that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

“Internal Control” means a process effected by the Society’s governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Reliability of financial reporting
2. Effectiveness and efficiency of operations;
3. Compliance with applicable laws and regulations; and
4. Safeguarding of assets against unauthorized acquisition, use or disposition.

Additionally, when designing the public office’s system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The Society did not implement adequate segregation of duties related to the deposit of receipts, posting of transactions, and reconciliation of Society accounts. While, the Society did have additional office help, the Office Manager was responsible for: recording transactions into the Society accounting system, making deposits of monies received to the bank, and reconciling the Society’s accounting system to the bank. There was no segregation of duties over the finance function of the Society.

The lack of segregation of duties increases the possibility that errors or irregularities could occur and not be discovered in a timely manner. Not establishing internal controls can lead to incomplete and inaccurate processing of transactions and lack of accountability.

The Society should implement segregation of duties and oversight of financial transactions by the Board.

Officials’ Response:

The board has a small office staff (one or sometimes two in the office) so the segregation of duties is difficult to obtain. During the audit review, the staff implemented a log which records all incoming payments (date, amount, type of payment, name, description, who receipted the transaction and receipt number), use of the Clinton County Ag Society receipt book which is numbered and has a duplicate copy). The log is attached to each deposit and the deposit slip is attached. This will identify any discrepancies in funds received. When there is more than one staff member in the office, one will receipt & log funds and the other staff member will enter the transactions into our accounting system & deposit funds with the bank. The checking and savings account are reconciled & financial statements are presented at each monthly meeting and reviewed with the treasurer & board members.

| | |
|-----------------------|----------|
| <i>Finding Number</i> | 2022-002 |
|-----------------------|----------|

Internal Control Deficiency and Noncompliance – Annual Financial Reporting

Ohio Rev. Code § 117.38 states, in part, that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within 60 days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within 150 days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension. The report shall contain the following: (1) Amount of collections and receipts, and accounts due from each source; (2) Amount of expenditures for each purpose; (3) Income of each public service industry owned or operated by a municipal corporation, and the cost of such ownership or operation; (4) Amount of public debt of each taxing district, the purpose for which each item of such debt was created, and the provision made for the payment thereof.

Due to inadequate policies and internal control procedures, the following conditions were noted related to the Society's annual financial reporting:

- The annual reports filed with the Auditor of State for the years ended November 30, 2019, and 2020, were incomplete, inaccurate, and did not present a formal financial statement.
- The annual reports filed with the Auditor of State for the years ended November 30, 2021, and 2022, were inaccurate and did not present Notes to the Financial Statements. The Society refiled notes to the financial statements in April 2024.

Failure to file a complete report by the established deadline, without an extension, could result in the assessment of penalties against the Society

The Society should implement procedures to ensure the annual financial report is filed with the Auditor of State by the required deadline and contains accurate and complete financial statements and notes to the financial statements. If the Society is unable to meet the deadline, the Society should file an extension request through the Auditor of State.

Officials' Response:

The annual reports were filed, but not with the proper footnotes. The current Office Manager reviewed the reports submitted and are following the requirement of footnotes are needed. The footnotes were provided by the current Office Manager to the best of their ability. The current annual reports for 2023 & 2024 have been submitted timely and with footnotes as required.

| | |
|-----------------------|----------|
| <i>Finding Number</i> | 2022-003 |
|-----------------------|----------|

Internal Control Deficiency – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to error or fraud as discussed in AU-C Section 210 paragraphs .A14 and .A16.

Due to deficiencies in the Society's internal controls over financial reporting, the following conditions related to the Society's financial statements and accounting records were identified:

- The opening balance of a financial statement should be equal to the closing balance of the previous year's financial statement. The Society reported an opening balance of \$0 on the 2019 financial statement which was \$231,394 lower than the closing balance of \$231,394 reported in the 2018 financial statements.
- For 2019, total unclassified receipts were overstated by \$276,943, total unclassified expenditures were overstated by \$269,231, and total ending fund balance was overstated \$7,712.
- For 2020, total unclassified receipts were overstated by \$156,030, total unclassified expenditures were overstated by \$156,761, total beginning fund balance was overstated by \$7,712, total ending fund balance was understated by \$731.
- For 2021, total unclassified receipts were overstated by \$292,885, total unclassified expenditures were overstated by \$277,160, total beginning fund balance was overstated by \$1,948, total ending fund balance was overstated by \$15,725.
- For 2022, total unclassified receipts were overstated by \$221,238, total unclassified expenditures were overstated by \$204,356, total beginning fund balance was overstated by \$17,673, total ending fund balance was overstated by \$16,882.

The financial statements have been adjusted for these errors. The Society did not have procedures in place for effective monitoring of the Society's financial activity, and the accuracy of accounting and financial reporting. The Society did not have a system to accurately reconcile the accounting system transactions to the financial statements, which resulted in difficulties determining amounts recorded on the financial statements. It is important that the Board take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Society officials should review the Auditor of State Uniform System of Accounting for Agricultural Societies Manual and the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response:

This finding should be resolved as the annual reports are being filed timely and the office is now using the Unified Accounting for Agricultural Societies to identify all revenue and disbursements.

| | |
|-----------------------|----------|
| <i>Finding Number</i> | 2022-004 |
|-----------------------|----------|

Internal Control Deficiency – Completion of Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft, and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance monthly, and the Board is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed from June 2022 through November 2022, resulting in discrepancies between the annual financial reports and the accounting system ledgers.

Failure to reconcile monthly increases the possibility that the Society will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented, and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response:

The board has hired a new office management. Bank reconciliations completed prior to the current staff were not completed. As the Office Manager was getting acclimated to the position, the bank statements were the first thing that needed to be completed to provide information for the annual report. The prior months bank statements were reconciled and since that time, the checking account bank statements are reconciled monthly and savings account bank statements are reconciled quarterly. These reconciliations are reviewed by the treasurer. Ongoing communication between the Office Manager and the Executive Team of the Board is now a common occurrence.

| | |
|-----------------------|----------|
| <i>Finding Number</i> | 2022-005 |
|-----------------------|----------|

Internal Control Deficiency -Receipt Cycle

All public officials and management are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the operations of the respective public office. Adequate controls over receipts are essential to provide assurance that collections are accurate, complete, and properly classified for financial reporting purposes.

Admission Tickets

In addition to testing the fair week admission tickets, limited procedures were performed over additional events and add on tickets. The Society maintained a listing of tickets sold; however, a reconciliation was not completed to unused tickets to ensure the funds for all tickets sold was properly collected. Unused tickets were not always maintained and documented in an orderly manner.

Rental Receipts

- Contracts were not on file or attached to supporting documents for two May Horse Show rentals and one Winter Storage rental of the ten rental receipts tested during 2020.
- Signed original contracts were not attached to rental receipt payments for three receipts tested during 2022, for the Fall Campout site rental. Alternative procedures were used to review the original invoice in the computer system; however, no signed contract was on file for the rentals.
- One building rental receipt, during 2022, for the remaining portion of an original contract did not have supporting documentation of the contract or the invoice attached, only a drawer register tape. Amounts were confirmed to the invoice within the system.

Failure to maintain adequate receipt records results in a lack of accountability and increases the risk of fraud and theft. Controls should be implemented over the receipting process to assure that all receipts are properly accounted for.

Such controls should include the following:

- Implement policies and procedures to better document tickets sold; and reconcile unused tickets and amount sold to the cash received to ensure all funds are accounted for properly.
- Maintaining original signed contracts, rental agreements and invoices for all receipts, including duplicate receipts.

Officials' Response:

Admission Tickets:

During the audit period, unused gate tickets were not accounted for. Beginning with the 2024 fair, the remaining tickets on partial rolls are now kept with the ticket record books to account for the tickets not sold. Prior to the 2024 fair, the partial rolls of tickets were kept in the event they were needed at another time.

Rental Receipts:

Contracts, Invoices and Paid Invoices are now with each rental contract. Facility Rentals are kept in a notebook for the year with all invoices attached. Any variance in the established rental rates is noted through agreements with the entity or board minutes.

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| <i>Finding Number</i> | 2022-006 |
|-----------------------|----------|

Internal Control Deficiency -Purchasing Cycle

The maintenance of supporting documentation for non-payroll disbursements is an integral part of a sound and properly functioning control environment to support management's assertions of accuracy and completeness and to substantiate that disbursements were made for proper public purposes.

The System of Accounting for Agricultural Societies manual states, in part, that expenses shall be recorded when paid in the appropriate expense account and that sufficient supporting documentation shall be retained to support the expense. Such documentation may include invoices, receipts, purchase orders, contracts, or other documentation to substantiate what was purchased, from whom it was purchased, and the purpose of the purchase if not obvious from the existing documentation.

The following conditions related to management controls over the non-payroll disbursements were identified:

-The Society did not have a policy for the approval process for expenditures during 2021 and 2022, as a result of not monitoring expenditures and reconciliations not being performed (as noted in finding number 2022-004 above) the Society incurred overdraft fees. See finding number 2022-007 below.

-The Society had one out of forty checks (3%) totaling \$3,000 that did not have proper supporting documentation in 2019 when paid. Documentation was later provided for audit, by contacting the vendor.

-The Society had one of forty-two checks (2%) totaling \$46,900 that did not have proper supporting documentation in 2021 when paid. Documentation was later provided for audit, by contacting the vendor.

-The Society did not always make their debt payments in accordance with the amortization schedule as presented.

-The Society had one gas reimbursement for a summer help employee, during 2022, in the amount of \$11, which no supporting documentation was maintained.

Officials' Response:

Purchases:

The board now has in place a review mechanism in place to approve purchases. These are either covered in the board meeting minutes or approved by the executive team for emergency needs with formal approval during the next meeting.

All payments now have an invoice attached to the appropriate check stub.

Amortization Schedule:

The board does acknowledge that there were payments which were made late during the audit period. With the hiring of the Office Manager in October 2022, all payments have been made prior to the due dates in June and December each year.

Payroll & miscellaneous reimbursement:

The reimbursement of a gas purchase on a payroll check is no longer allowed. All purchases made by individuals are paid with a reimbursement form & receipt. These reimbursements are approved at the monthly board meeting. Only hours worked are on the payroll checks.

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| <i>Finding Number</i> | 2022-007 |
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Noncompliance – Proper Public Purpose

State ex. Rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Due to insufficient policies and procedures during 2022, the Society incurred bank overdraft fees in the amount of \$356.

The bank overdraft fees paid by the Society for failing to properly reconcile are not considered a proper public purpose and could have been avoided had the Society prepared monthly bank reconciliations and monitored expenditures.

The Society should take steps to ensure that all transactions are for a proper public purpose and that bank reconciliations are performed monthly to avoid fees being incurred.

Officials' Response:

Overdraft fees were during the time that the bank statements were not being reconciled, and it appears that fund availability was not reviewed on a routine basis during that period. Since the hiring of the Office Manager, there have been no overdraft charges occurred. The Office Manager now carries and unofficial bank status that is update each day the Office Manager is in the office to ensure that funds are not overextended.

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| <i>Finding Number</i> | 2022-008 |
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Noncompliance – Public Meetings

Ohio Rev. Code § 121.22(F) requires every public body to, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a special meeting unless it gives at least twenty-four hours advance notice to the news media that have requested notification, except in the event of an emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall immediately notify the news media that have requested notification.

The Society did not establish, by rule, a reasonable method whereby any person may determine the time, place, and purpose of all special meetings. The Society did not notify the public or news media about the special meetings held during 2019, 2020, 2021 and 2022.

Policies and Procedures should be established and implemented to verify that all Board meetings are held in accordance with the Ohio Sunshine Laws.

Officials' Response:

There is a notice on the front door and our website advising the public about the place and time of our monthly meetings. Special Meetings have only been communicated to our Board Members via text messages or emails. Effective immediately, special meetings will be placed on our website and on social media accounts to advise the public of these special meetings.

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| <i>Finding Number</i> | 2022-009 |
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Noncompliance – Public Records Requirements

Ohio Rev. Code § 149.43(E)(2) requires all public offices take certain actions with regard to their public record policy. Public offices must create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy.

A poster describing the Public Records Policy is not on display at the Society office.

A poster describing the public records policy should be conspicuously displayed in all the Society's branch offices.

Officials' Response:

There is a public records policy, but it is not displayed. The policy will be reviewed for current ways of providing the requested information and will be posted for office.

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| <i>Finding Number</i> | 2022-010 |
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Noncompliance – Ohio Fairs Fund Distribution

Ohio Rev. Code § 3769.082(A)(3) states there is hereby created in the state treasury the Ohio fairs fund. The director of agriculture shall distribute money in the fund annually, on or before the first day of March, as follows:

To each county agricultural society and each independent agricultural society conducting horse races during its annual fair, the sum of four thousand dollars, to be used as purse money for horse races in accordance with this section, and the additional sum of one thousand dollars to each such county agricultural society and independent agricultural society to be used for race track maintenance and other expenses necessary for the conduct of such horse races or colt stakes.

Ohio Administrative Code § 117-2-02(A) requires all local public offices to document compliance with finance-related legal requirements.

The Society did not keep accurate records to track disbursed amounts for the purpose of the race purses and track maintenance money distributed, and therefore, could not determine if the amounts disbursed at least equaled the restricted amounts.

The Society should track all monies restricted for the above race purses and track maintenance funds.

Officials' Response:

The Ohio Fair Funds were received, however were not coded correctly prior to the current office management. Using the Unified Accounting for Agricultural Societies these funds are being reported correctly beginning in FY 2023.

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Clinton County Agricultural Society

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

November 30, 2022, 2021, 2020, 2019

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|---|---------------------|------------------------|
| 2018-001 | Material Weakness – Financial Reporting | Not Corrected | Reissued as 2022-003 |
| 2018-002 | Material Weakness - Admissions | Partially Corrected | Reissued as 2022-005 |

OHIO AUDITOR OF STATE KEITH FABER



CLINTON COUNTY AGRICULTURAL SOCIETY

CLINTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/8/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov