



Mary Taylor, CPA  
Auditor of State



**MIAMI COUNTY AGRICULTURAL SOCIETY  
MIAMI COUNTY**

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Mary Taylor, CPA  
Auditor of State

Miami County Agricultural Society  
Miami County  
650 N. County Road 25-A  
Troy, Ohio 45373

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 9, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Miami County Agricultural Society  
Miami County  
650 N. County Road 25-A  
Troy, Ohio 45373

To the Board of Directors:

We have audited the accompanying financial statements of the Miami County Agricultural Society, Miami County, (the Society), as of and for the years ended November 30, 2006 and 2005. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Society has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2006 and 2005. While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended November 30, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2006 and 2005, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Miami County Agricultural Society, Miami County, as of November 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2006 and 2005. The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2007, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

April 9, 2007

**MIAMI COUNTY AGRICULTURAL SOCIETY  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2006**

	<b>2006</b>
<b>Operating Receipts:</b>	
Admissions	\$180,248
Privilege Fees	80,227
Rentals	158,940
Sustaining and Entry Fees	24,341
Parimutuel Wagering Commission	5,482
Other Operating Receipts	18,647
Total Operating Receipts	467,885
<b>Operating Disbursements:</b>	
Wages and Benefits	55,577
Utilities	66,840
Professional Services	128,427
Equipment and Grounds Maintenance	69,523
Race Purse	63,282
Senior Fair	10,412
Junior Fair	18,919
Capital Outlay	22,995
Other Operating Disbursements	137,235
Total Operating Disbursements	573,210
(Deficiency) of Operating Receipts	
(Under) Operating Disbursements	(105,325)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	29,155
County Support	71,325
Debt Proceeds	0
Restricted Support	56,155
Unrestricted Support	58,638
Investment Income	593
Debt Service	(40,752)
Other Non-Operating Disbursements	(20,000)
Net Non-Operating Receipts (Disbursements)	155,114
Excess of Receipts Over Disbursements	49,789
Cash Balance, Beginning of Year	54,192
<b>Cash Balance, End of Year</b>	<b>\$103,981</b>

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

**MIAMI COUNTY AGRICULTURAL SOCIETY  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED NOVEMBER 30, 2005**

	<b>2005</b>
<b>Operating Receipts:</b>	
Admissions	\$144,008
Privilege Fees	74,614
Rentals	146,119
Sustaining and Entry Fees	24,592
Parimutuel Wagering Commission	5,458
Other Operating Receipts	17,417
Total Operating Receipts	412,208
<b>Operating Disbursements:</b>	
Wages and Benefits	93,123
Utilities	68,193
Professional Services	198,193
Equipment and Grounds Maintenance	87,427
Race Purse	72,407
Senior Fair	16,418
Junior Fair	18,327
Capital Outlay	4,929
Other Operating Disbursements	172,282
Total Operating Disbursements	731,299
(Deficiency) of Operating Receipts	
(Under) Operating Disbursements	(319,091)
<b>Non-Operating Receipts (Disbursements):</b>	
State Support	32,044
County Support	128,300
Debt Proceeds	30,000
Restricted Support	53,326
Unrestricted Support	53,294
Investment Income	648
Debt Service	(8,632)
Net Non-Operating Receipts (Disbursements)	288,980
(Deficiency) of Receipts (Under) Disbursements	(30,111)
Cash Balance, Beginning of Year	84,303
<b>Cash Balance, End of Year</b>	<b>\$54,192</b>

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

**MIAMI COUNTY AGRICULTURAL SOCIETY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2006 and 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Miami County Agricultural Society, Miami County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1846 to operate an annual agricultural fair. The Society sponsors the week-long Miami County Fair during August. During the fair, harness races are held, culminating in the running of the Super Stakes. Miami County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 25 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Miami County and pay an annual membership fee to the Society.

**Reporting Entity**

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair and harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events including swap meets, dog shows and car shows. The reporting entity does not include any other activities or entities of Miami County, Ohio.

Note 7 summarize the Junior Livestock Sale Committee's financial activity. The financial activity of the Junior Fair Board is included in the financial statements.

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

**B. Basis of Accounting**

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

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

**C. Cash**

The Society maintained a checking account, a speed committee account and a small business high impact money market account during the audit period, which were valued at cost.

**D. Property, Plant, and Equipment**

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

**E. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses.

**MIAMI COUNTY AGRICULTURAL SOCIETY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2006 and 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Income Tax Status**

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

**G. Race Purse**

Super stakes races are held during the Miami 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.

**1. Sustaining and Entry Fees**

Horse owners and the Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statement report these fees as Sustaining and Entry Fees.

**2. Ohio Fairs Fund**

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

**H. 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 3 for additional information.

**2. CASH**

The carrying amount of cash at November 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$103,981	\$54,192
Total deposits	<u>103,981</u>	<u>54,192</u>

**Deposits:** The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The remainder was collateralized by the financial institutions public entity deposit pool.

**MIAMI COUNTY AGRICULTURAL SOCIETY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2006 and 2005  
(Continued)**

**3. HORSE RACING**

**State Support Portion of Purse**

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2006 and 2005 was \$21,704 and \$24,304 respectively, as State Support.

**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 (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, State taxes, which are also paid from Pari-mutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	<b>2006</b>	<b>2005</b>
Total Amount Bet (Handle)	\$27,101	\$27,385
Less: Payoff to Bettors	(21,619)	(21,927)
Parimutuel Wagering Commission	5,482	5,458
Tote Service Set Up Fee	(30)	(400)
Tote Service Commission	(2,732)	(2,641)
State Tax	(741)	(656)
Society Portion	\$1,979	\$1,761

**4. DEBT**

Debt outstanding at November 30, 2006 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Mortgage Loan	\$58,672	6.40%
Total	\$58,672	

The \$72,325 Mortgage Loan bears an interest rate of 6.4 percent and is due to US Bank. The mortgage was entered into on September 18, 2002 and matures September 18, 2007. The Society will refinance the mortgage for another five year term when it matures on September 18, 2007. Proceeds of the mortgage were used for the new assembly building at the fair grounds.

The Society obtained a \$30,000 line of credit from US Bank on August 13, 1999, for operating funds. The line of credit has an interest rate of prime plus 1%. In fiscal year 2005 the Society drew \$30,000 on the line of credit and repaid the amount drawn in fiscal year 2006. The Society did not draw any funds on the line of credit in 2006.

Amortization of the above debt is scheduled as follows:

<b>Year ending</b>	<b>Mortgage</b>	<b>Interest</b>	<b>Total</b>
<b>November 30:</b>			
2007	58,672	22,662	\$81,334
Total	\$58,672	\$22,662	\$81,334

**MIAMI COUNTY AGRICULTURAL SOCIETY  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2006 and 2005  
(Continued)**

**5. RETIREMENT SYSTEM**

All Society employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2006 and 2005 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participants' gross salaries through November 30, 2006 and 2005.

**6. RISK MANAGEMENT**

The Miami County Commissioners provide general insurance coverage for all the buildings on the Miami County Fairgrounds pursuant to Ohio Revised Code § 1711.24. Public Entities Pool of Ohio provides general liability and vehicle insurance, for \$2,000,000 per occurrence with no limits. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2007.

**7. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Miami County's auction. A commission of 3 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2006 and 2005 follows:

	<u><b>2006</b></u>	<u><b>2005</b></u>
Beginning Cash Balance	\$15,070	\$16,172
Receipts	299,002	253,554
Disbursements	<u>(293,389)</u>	<u>(254,656)</u>
Ending Cash Balance	<u><u>\$20,683</u></u>	<u><u>\$15,070</u></u>



# Mary Taylor, CPA

Auditor of State

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

Miami County Agricultural Society  
Miami County  
650 N. County Road 25-A  
Troy, Ohio 45373

To the Board of Directors:

We have audited the financial statements of the Miami County Agricultural Society, Miami County, (the Society) as of and for the year ended November 30, 2006 and 2005, and have issued our report thereon dated April 9, 2007, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Society's management dated April 9, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

### Compliance and Other Matters

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Society's management dated April 9, 2007, we reported a matter related to noncompliance we deemed immaterial.

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Miami County Agricultural Society  
Miami County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Mary Taylor". The script is cursive and fluid.

Mary Taylor, CPA  
Auditor of State

April 9, 2007

MIAMI COUNTY AGRICULTURAL SOCIETY  
MIAMI COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
NOVEMBER 30, 2006 and 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2004-001	Not utilizing rental contracts for all rentals of buildings, grounds, horse stalls and storage space.	Yes	N/A





**Mary Taylor, CPA**  
Auditor of State

**AGRICULTURAL SOCIETY**

**MIAMI 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  
JUNE 26, 2007**