



**Auditor of State
Betty Montgomery**

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter.....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2004	5
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2003	6
Notes to the Financial Statement	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Miami County Agricultural Society
Miami County
P.O. Box 399
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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 1, 2005

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Miami County Agricultural Society
Miami County
P.O. Box 399
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, 2004 and 2003. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the year ended November 30, 2004. While the Society does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended November 30, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Society as of November 30, 2004, or its changes in financial position or cash flows for the year then ended.

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

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the year ended November 30, 2004. The Society has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2005, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 1, 2005

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

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

Operating Receipts:	
Admissions	\$167,541
Privilege Fees	75,295
Rentals	117,091
Sustaining and Entry Fees	27,100
Parimutuel Wagering Commission	6,076
Other Operating Receipts	<u>21,762</u>
 Total Operating Receipts	 <u>414,865</u>
Operating Disbursements:	
Wages and Benefits	82,932
Utilities	54,387
Professional Services	101,655
Equipment and Grounds Maintenance	42,091
Race Purse	70,484
Senior Fair	18,867
Junior Fair	18,263
Capital Outlay	85,206
Other Operating Disbursements	<u>124,236</u>
 Total Operating Disbursements	 <u>598,121</u>
(Deficiency) of Operating Receipts (Under) Operating Disbursements	 <u>(183,256)</u>
Non-Operating Receipts (Disbursements):	
State Support	33,982
County Support	3,300
Debt Proceeds	9,600
Restricted Support	87,922
Unrestricted Support	48,717
Investment Income	752
Debt Service	<u>(18,035)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>166,238</u>
(Deficiency) of Receipts (Under) Disbursements	(17,018)
 Cash Balance, Beginning of Year	 <u>101,321</u>
 Cash Balance, End of Year	 <u><u>\$84,303</u></u>

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, 2003**

Operating Receipts:	
Admissions	\$150,704
Privilege Fees	73,383
Rentals	111,776
Sustaining and Entry Fees	27,458
Parimutuel Wagering Commission	6,426
Other Operating Receipts	<u>18,148</u>
 Total Operating Receipts	 <u>387,895</u>
Operating Disbursements:	
Wages and Benefits	82,897
Utilities	52,343
Professional Services	64,358
Equipment and Grounds Maintenance	33,074
Race Purse	78,513
Senior Fair	29,108
Junior Fair	19,193
Capital Outlay	44,949
Other Operating Disbursements	<u>102,663</u>
 Total Operating Disbursements	 <u>507,098</u>
(Deficiency) of Operating Receipts	
(Under) Operating Disbursements	<u>(119,203)</u>
Non-Operating Receipts (Disbursements):	
State Support	36,925
County Support	3,300
Debt Proceeds	7,500
Restricted Support	50,690
Unrestricted Support	52,649
Investment Income	996
Debt Service	<u>(23,458)</u>
 Net Non-Operating Receipts (Disbursements)	 <u>128,602</u>
 Excess of Receipts Over Disbursements	 9,399
 Cash Balance, Beginning of Year	 <u>91,922</u>
 Cash Balance, End of Year	 <u><u>\$101,321</u></u>

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, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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, 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 swap meets, horse shows and car shows. The reporting entity does not include any other activities or entities of Miami County, Ohio.

The financial activity of the Junior Livestock Sale Committee is summarized in Note 7. 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

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

These statements include 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 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.

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Restricted Support

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

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.

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.

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.

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

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

2. CASH

The carrying amount of cash at November 30, 2004 and 2003 follows:

	2004	2003
Demand deposits	\$84,303	\$101,321
Total deposits	84,303	101,321

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The remainder was uninsured and uncollateralized.

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the years ended November 30, 2004 and 2003 was \$25,848 and \$28,384, respectively, and is included within State Support on the accompanying financial statement.

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.

	2004	2003
Total Amount Bet (Handle)	\$30,494	\$32,341
Less: Payoff to Bettors	(24,418)	(25,915)
Parimutuel Wagering Commission	6,076	6,426
Tote Service Set Up Fee	(410)	(600)
Tote Service Commission	(2,949)	(3,019)
State Tax	(762)	(794)
Society Portion	\$1,955	\$2,013

4. DEBT

Debt outstanding at November 30, 2004 was as follows:

	Principal	Interest Rate
Mortgage Loan	\$65,707	6.40%
Total	\$65,707	

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

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

4. DEBT (Continued)

The \$72,325 Mortgage Loan bears an interest rate of 6.4% and is due to US Bank. The mortgage was entered into on September 18, 2002 and matures 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 5.35%. In fiscal year 2003 the society drew \$7,500 on the line of credit and paid the amount off at year end. In fiscal year 2004 the society drew \$9,600 on the line of credit and paid the amount off at year end. The line of credit was renewed in January 2004 and is due on January 4, 2006.

Amortization of the above debt is scheduled as follows:

<u>Year ending November 30:</u>	<u>Mortgage</u>	<u>Interest</u>	<u>Total</u>
2005	\$3,444	\$4,132	\$7,576
2006	3,673	3,903	7,576
2007	58,590	22,662	81,252
Total	<u>\$65,707</u>	<u>\$30,697</u>	<u>\$96,404</u>

5. RETIREMENT SYSTEM

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2004 and 2003 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2004 and 2003.

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. General liability and vehicle coverage is provided through the Public Entities Pool of Ohio by Burnham & Flower of Ohio for \$1,000,000 per occurrence and no limits. This policy includes wrongful acts coverage for \$1,000,000 per occurrence and no limits. The Society's Secretary and Treasurer are bonded with coverage of \$100,000.

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

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

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

7. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through Miami County's auction. Monies to cover the cost of the auction are generated through a 3 percent commission from the selling price and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the year ended November 30, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$17,933	\$22,381
Receipts	213,628	228,586
Disbursements	<u>(215,389)</u>	<u>(233,034)</u>
Ending Cash Balance	<u><u>\$16,172</u></u>	<u><u>\$17,933</u></u>

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

Miami County Agricultural Society
Miami County
P.O. Box 399
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 years ended November 30, 2004 and 2003, and have issued our report thereon dated August 1, 2005, wherein we noted the Society follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Society's management dated August 1, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

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 August 1, 2005, we reported other matters related to noncompliance we deemed immaterial.

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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 1, 2005

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2004 and 2003**

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

FINDING NUMBER 2004-001

Reportable Condition

Rental Revenue Contracts

The Agricultural Society rents ground space, building space, camp sites, horse stalls and space for storage of various vehicles during the year, except during the annual county fair. The following weaknesses were noted regarding these contracts:

- Rental contracts that were issued during fiscal years 2003 and 2004 were not pre-numbered. Rental contracts should be pre-numbered in order to determine the completeness of revenue received from rental of the Society's premises during the year.
- Rental contracts could not be located for 50% of building rentals, stall rentals, ground rental and storage space tested during fiscal years 2003 and 2004. Rental contracts for ground space, building space, camp sites, horse stalls and storage space for fiscal year 2003 and 2004 did not have a copy of the duplicate receipt attached to the back of the rental contract when the fee was paid. The Agricultural Society could lose revenue if the evidence and status of rental contract accounts is not maintained. The duplicate receipt should state the contract being paid on (i.e., rental of building or stall rental) and the months being paid.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**MIAMI COUNTY 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
SEPTEMBER 20, 2005**