



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 an 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 adverse 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, 2009

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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, 2008 and 2007. 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require societies to reformat their statements. The Society has elected not to follow GAAP statement formatting requirements. 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 years ended November 30, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Miami County Agricultural Society, Miami County, as of November 30, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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, 2009, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 9, 2009

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2008 AND 2007**

	2008	2007
Operating Receipts:		
Admissions	\$183,349	\$171,820
Privilege Fees	84,796	94,818
Rentals	127,691	142,221
Sustaining and Entry Fees	17,530	25,577
Parimutuel Wagering Commission	1,874	2,037
Other Operating Receipts	15,653	17,876
Total Operating Receipts	430,893	454,349
Operating Disbursements:		
Wages and Benefits	68,725	56,757
Utilities	93,823	73,412
Professional Services	131,313	132,751
Equipment and Grounds Maintenance	74,653	67,646
Race Purse	44,360	59,723
Senior Fair	17,592	9,229
Junior Fair	17,586	22,944
Supplies	38,602	30,145
Capital Outlay	4,342	
Other Operating Disbursements	72,575	78,822
Total Operating Disbursements	563,571	531,429
(Deficiency) of Operating Receipts		
(Under) Operating Disbursements	(132,678)	(77,080)
Non-Operating Receipts (Disbursements):		
State Support	26,148	29,044
County Support	59,388	43,338
Restricted Support	85,088	43,804
Unrestricted Support	8,991	34,545
Investment Income	3,325	5,743
Debt Service	(57,825)	(8,050)
Net Non-Operating Receipts (Disbursements)	125,115	148,424
Excess (Deficiency) of Receipts Over (Under) Disbursements	(7,563)	71,344
Cash Balances, Beginning of Year	175,325	103,981
Cash Balances, End of Year	\$167,762	\$175,325

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

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**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007**

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 Races. Miami County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of twenty-five 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 8 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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

During the audit period, the Society maintained a general checking account, speed committee checking account, and a savings account, which were valued at cost.

D. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report 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 STATEMENTS
NOVEMBER 30, 2008 AND 2007
(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 stake 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.

2. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$167,762</u>	<u>\$175,325</u>
Total deposits	<u>\$167,762</u>	<u>\$175,325</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(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, 2008 and 2007, of \$21,007 and \$25,233 respectively, as State Support.

Pari-mutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompanying 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.

	2008	2007
Total Amount Bet (Handle)	\$25,464	\$27,686
Less: Payoff to Bettors	(20,285)	(22,056)
Parimutuel Wagering Commission	5,179	5,630
Tote Service Commission	(2,587)	(2,813)
State Tax	(718)	(780)
Society Portion	\$ 1,874	\$ 2,037

4. DEBT

The Society had a Mortgage Loan with US Bank for the Duke Building during the period. The original mortgage was for \$72,325 and had an interest rate of 6.4 percent. The mortgage was entered into on September 18, 2002 and matured September 18, 2007. The Society refinanced the mortgage for another five year term when it matured on September 18, 2007. Proceeds of the original mortgage were used for the new assembly building at the fairgrounds. In 2007, the Society paid \$3,502 in principal and \$3,813 in interest payments. On April 3, 2008, the Society extinguished the Duke Building mortgage with a payment of \$55,171. There was no mortgage debt outstanding at November 30, 2008.

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%. The Society obtained an increase in the line of credit on October 4, 2008. The new line of credit amount is \$100,000. The Society did not draw down from the line of credit in 2007 or 2008.

On May 22, 2008, the Society purchased a Bob Cat through a four-year capital lease agreement. The Society will pay equal quarterly installment payments to CitiCapital. The principal amount is \$20,118 and the total interest is \$1,015 over the lease period. In 2008 the Society paid \$2,514 in principal and \$126 in interest.

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2008 AND 2007
(CONTINUED)**

4. DEBT (Continued)

Amortization of the above capital lease is scheduled as follows:

Year ending November 30:	Principal	Interest	Total
2009	\$ 5,030	\$254	\$ 5,284
2010	5,030	254	5,284
2011	5,030	254	5,284
2012	2,514	127	2,641
Total	\$17,604	\$889	\$18,493

5. RETIREMENT SYSTEM

All Society employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2008 and 2007, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of the participants' gross salaries through November 30, 2008 and 2007.

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. A private company provides general liability and vehicle insurance, with limits of \$2,000,000. The Society's fair manager/secretary and treasurer are bonded with employee dishonesty coverage of \$100,000 each.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund.

7. RELATED PARTY TRANSACTION

The Board of Directors approved the Fair Manager/Secretary's son to rent the house on the fairgrounds, which is owned by Society. The agreement is signed by the Fair Manager/Secretary and her son.

8. 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 three 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 years ended November 30, 2008 and 2007 follows:

	2008	2007
Beginning Cash Balance	\$17,827	\$20,683
Receipts	281,922	270,990
Disbursements	(286,724)	(273,846)
Ending Cash Balance	\$13,025	\$17,827



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 years ended November 30, 2008 and 2007, and have issued our report thereon dated April 9, 2009, wherein we noted the Society followed 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Society's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Society's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control over Financial Reporting
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding number 2008-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Society's management in a separate letter dated April 9, 2009.

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*.

We intend this report solely for the information and use of the audit committee, management, Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 9, 2009

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness:

Admission Revenues

The Society sold various admissions tickets and passes during the week of the annual County Fair. The following weaknesses were noted;

- In 2007 and 2008, Society held demolition derbies and tractor pull events at the Fairgrounds. The Society collected \$11,424 in 2007 and \$16,575 in 2008 for these events which represent 1.9% and 2.7% of 2007 and 2008 total revenues respectively. The Society did not utilize tickets or ticket accountability forms to track these admissions in either year.
- In 2008, the ticket accountability forms for each ticket seller and for each day of the fair did not indicate the beginning and ending ticket numbers sold, only the total number of tickets sold by each ticket taker.
- In 2007 and 2008, the ticket accountability forms for daily admissions were not documented as being reviewed by the Treasurer when the money received and the unsold tickets were turned in by the ticket taker.
- In 2007 and 2008, the Society sold season passes at the entrance gates; however, the ticket accountability forms showed the passes sold, but not the actual beginning and ending numbers of the passes sold each day.

The failure to issue tickets and maintain complete and accurate ticket accountability forms could lead to a loss of revenue for the Society as well as the inability to detect errors and omissions promptly. The Society should utilize tickets and ticket accountability forms for all admissions revenues. In addition, the Treasurer should make sure that ticket accountability forms are completed with the beginning and ending ticket numbers when returned and document the review of the form after the money has been recalculated and the form balanced.

Officials' Response: The Officials' declined to respond to the finding.



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
MAY 14, 2009**