

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2016 AND 2015

JUDY TRISSELL, TREASURER



Dave Yost • Auditor of State

Members of the Board
Miami County Agricultural Society
650 N. County Rd 25A
Troy, OH 45373

We have reviewed the *Independent Auditor's Report* of the Miami County Agricultural Society, Miami County, prepared by Julian & Grube, Inc., for the audit period December 1, 2014 through November 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Miami County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 28, 2017

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**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Financial Statement:	
Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) - For the Fiscal Years Ended November 30, 2016 and 2015.....	3
Notes to the Financial Statement	4 - 9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	10 - 11
Status of Prior Audit Findings	12

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Directors:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements, and related notes of the Miami County Agricultural Society, Miami County, Ohio, as of and for the fiscal years ended November 30, 2016 and 2015.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting the financial statement in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statement free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on the financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Miami County Agricultural Society's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Miami County Agricultural Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statement, the Miami County Agricultural Society prepared the financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Miami County Agricultural Society does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Miami County Agricultural Society as of November 30, 2016 and 2015, or changes in financial position or cash flows thereof for the fiscal years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Miami County Agricultural Society, Miami County, Ohio, as of November 30, 2016 and 2015, and its cash receipts and disbursements for the fiscal years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017, on our consideration of the Miami County Agricultural 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Miami County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 9, 2017

Miami County Agricultural Society
Miami County
Statement of Receipts, Disbursements and
Change in Fund Balance (Regulatory Cash Basis)
For the Fiscal Years Ended November 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Receipts		
Admissions	\$113,578	\$132,429
Privilege Fees	79,077	75,285
Rentals	154,374	153,343
Sustaining and Entry Fees	14,153	12,621
Pari-mutuel Wagering Commission	510	879
Other Operating Receipts	<u>57,170</u>	<u>59,212</u>
<i>Total Operating Receipts</i>	<u>418,862</u>	<u>433,769</u>
Operating Disbursements		
Wages and Benefits	68,992	66,338
Utilities	57,087	59,385
Professional Services	179,470	172,579
Equipment and Grounds Maintenance	78,356	73,270
Race Purse	90,304	74,992
Senior Fair	12,673	8,325
Junior Fair	18,572	21,775
Supplies	47,982	42,290
Capital Outlay	6,130	35,595
Other Operating Disbursements	<u>106,946</u>	<u>122,055</u>
<i>Total Operating Disbursements</i>	<u>666,512</u>	<u>676,604</u>
<i>Excess (Deficiency) of Operating Receipts</i>	<u>(247,650)</u>	<u>(242,835)</u>
Non-Operating Receipts (Disbursements)		
State Support	74,739	60,195
County Support	42,020	42,020
Restricted Support	107,965	161,679
Unrestricted Support	<u>13,916</u>	<u>22,750</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>238,640</u>	<u>286,644</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(9,010)	43,809
Cash Balance, Beginning of Year	<u>318,146</u>	<u>274,337</u>
<i>Cash Balance, End of Year</i>	<u><u>\$309,136</u></u>	<u><u>\$318,146</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
For the Fiscal Years Ended November 30, 2016 and 2015**

Note 1 - Reporting Entity

The Agricultural Society of Miami County (the "Society"), Miami 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 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.

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 dog shows and horse shows and a food truck event. The reporting entity does not include any other activities or entities of Miami County, Ohio.

Note 8 summarizes the Junior Livestock Sale Committee's financial activity.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Society's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Basis of Accounting

These financial statements 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(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**Notes to the Financial Statement
For the Fiscal Years Ended November 30, 2016 and 2015**

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits

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.

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.

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 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.

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**Notes to the Financial Statement
For the Fiscal Years Ended November 30, 2016 and 2015**

Note 3 – Deposits

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

	2016	2015
Demand Deposits	\$309,136	\$318,146
Total Deposits	\$309,136	\$318,146

Deposits

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

Note 4 – Horse Racing

State Support Portion of Purse

The financial statements report Ohio Fair fund money, received to supplement purse for the years ended November 30, 2016 and 2015 and was \$64,400 and \$47,384, 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 Services 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.

	2016	2015
Total Amount Bet (Handle)	\$ 14,139	\$ 17,043
Less: Payoff to Bettors	(11,275)	(13,583)
Parimutuel Wagering Commission	2,864	3,460
Tote Service Set Up Fee	1,200	700
Tote Service Commission	(3,164)	(2,805)
State Tax	(390)	(476)
Society Portion	\$ 510	\$ 879

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**Notes to the Financial Statement
For the Fiscal Years Ended November 30, 2016 and 2015**

Note 5 – Risk Management

The Society provided workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through July 2017.

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 general liability and vehicle insurance, with limits of \$ 2,000,000 and \$ 2,000,000 aggregate. The Society's general manager is bonded with coverage of \$ 100,000.

Risk Pool Membership

The Society is exposed to various risks of property and casualty losses, and injuries to employees.

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local Society's. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member Society's pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**Notes to the Financial Statement
For the Fiscal Years Ended November 30, 2016 and 2015**

Note 5 – Risk Management (Continued)

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	2016	2015
Assets	\$ 42,182,281	\$ 35,402,177
Liabilities	(13,396,700)	(12,363,257)
Net Position	\$ 28,785,581	\$ 23,038,920

At December 31, 2016, the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool’s membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government’s share of these unpaid claims collectible in future years is approximately \$15,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2016 Contributions to PEP</u>	<u>2015 Contributions to PEP</u>
\$ 24,297	\$ 26,289

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**Notes to the Financial Statement
For the Fiscal Years Ended November 30, 2016 and 2015**

Note 5 – Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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 equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2016.

Note 7 – Debt

The society obtained a \$100,000 line of credit from U.S. Bank on September 28, 2009 for operating funds. The line of credit has an interest rate of prime plus one percent. In fiscal years 2016 and 2015, the Society did not draw on this line of credit.

Note 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 Auditor. 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 activities for the year ended November 30, 2016 and 2015 follows:

	2016	2015 *
Beginning Cash Balance	\$ 15,277	\$ 20,227
Receipts	379,785	400,642
Disbursements	<u>(384,321)</u>	<u>(405,592)</u>
Ending Cash Balance	<u>\$ 10,741</u>	<u>\$ 15,277</u>

* Restated prior year ending balance.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's 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. CR 25A
Troy, Ohio 45373

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Miami County Agricultural Society, Miami County, Ohio, as of and for the fiscal years ended November 30, 2016 and 2015 and the related notes to the financial statement and have issued our report thereon dated June 9, 2017, wherein we noted the Miami County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Miami County Agricultural Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Miami County Agricultural Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* 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. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Miami County Agricultural Society's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors
Miami County Agricultural Society

Compliance and Other Matters

As part of reasonably assuring whether the Miami County Agricultural Society's financial statement is 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Miami County Agricultural Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Miami County Agricultural Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 9, 2017

**MIAMI COUNTY AGRICULTURAL SOCIETY
MIAMI COUNTY**

**STATUS OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2016 AND 2015**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; <u>Finding no Longer Valid</u>
2014-001	<u>Material Weakness - Admission and Sales Revenues</u> Failure to issue tickets for all events, clearly document tickets/passes that were given away, and maintain complete and accurate ticket/beer/ice accountability forms were not properly maintain and/or utilized during the year.	Yes	Finding no longer valid.



Dave Yost • Auditor of State

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 7, 2017