



Dave Yost • Auditor of State

HAMILTON COUNTY AGRICULTURAL SOCIETY
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - For the Years Ended November 30, 2010 and 2009	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings	15

This page intentionally left blank.



Dave Yost • Auditor of State

Hamilton County Agricultural Society
Hamilton County
7801 Anthony Wayne Avenue
Cincinnati, Ohio 45216

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.

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

Dave Yost
Auditor of State

August 31, 2011

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hamilton County Agricultural Society
Hamilton County
7801 Anthony Wayne Avenue
Cincinnati, Ohio 45216

To the Board of Directors:

We have audited the accompanying financial statements of the Hamilton County Agricultural Society, Hamilton County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009. 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, 2010 and 2009 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, 2010 and 2009, 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 the Hamilton County Agricultural Society, Hamilton County, Ohio, as of November 30, 2010 and 2009, 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 August 31, 2011, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 31, 2011

**HAMILTON COUNTY AGRICULTURAL SOCIETY
HAMILTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2010 AND 2009**

	2010	2009
Operating Receipts:		
Admissions	\$61,226	\$124,570
Privilege Fees	16,572	14,724
Rentals	103,285	62,573
Other Operating Receipts	21,674	20,022
Total Operating Receipts	202,757	221,889
Operating Disbursements:		
Wages and Benefits	41,457	43,786
Utilities	37,802	34,836
Professional Services	41,378	67,713
Equipment and Grounds Maintenance	29,758	39,008
Senior Fair	12,057	21,216
Junior Fair	3,609	4,781
Other Operating Disbursements	60,811	36,186
Total Operating Disbursements	226,872	247,526
Deficiency of Operating Receipts Under Operating Disbursements	(24,115)	(25,637)
Non-Operating Receipts:		
State Support	3,038	4,585
County Support	3,300	3,300
Donations/Contributions	16,225	5,337
Net Non-Operating Receipts	22,563	13,222
Deficiency of Receipts Under Disbursements	(1,552)	(12,415)
Cash Balance, Beginning of Year (Restated)	13,396	25,811
Cash Balance, End of Year	\$11,844	\$13,396

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

This page intentionally left blank.

**HAMILTON COUNTY AGRICULTURAL SOCIETY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009**

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 Hamilton County Agricultural Society, Hamilton County, Ohio (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 1853 to operate an annual agricultural fair. The Society sponsors the week-long Hamilton County Fair during August. Hamilton County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Hamilton County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds and the annual fair. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Hamilton County, Ohio.

Note 5 summarizes the Junior Livestock Sale Committee's financial activity. See Note 6 regarding the Junior Livestock Sale Committee's decision to dis-associate with the Hamilton County Agricultural Society and annual fair in 2011.

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. Deposits

The Society has an interest bearing checking account valued at cost. The Society had no investments.

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.

**HAMILTON COUNTY AGRICULTURAL SOCIETY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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.

2. PRIOR PERIOD ADJUSTMENT

During the year ended November 30, 2010, the Society adjusted the cash fund balance by voiding old outstanding checks and payments from the Society's accounting system that were being carried on the Society's bank reconciliation. These checks and payments were dated January, 2006 through November, 2008.

Reported Cash Balance, November 30, 2008:	\$24,169
Prior Period Adjustment - Increase Cash Balance:	<u>1,642</u>
Restated Cash Balance, December 1, 2009:	<u><u>\$25,811</u></u>

3. DEPOSITS

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

	2010	2009
Total deposits	<u>\$11,844</u>	<u>\$13,396</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

4. RISK MANAGEMENT

The Society provides health coverage for full-time, supervisory employees through an insurance company.

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

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through February 29, 2012.

**HAMILTON COUNTY AGRICULTURAL SOCIETY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

4. RISK MANAGEMENT (Continued)

Risk Pool Membership

The Society 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. 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 governments 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

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, 2009, PEP retained \$350,000 for casualty claims and \$150,000 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 accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Society's share of these unpaid claims collectible in future years is approximately \$13,000.

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.

**HAMILTON COUNTY AGRICULTURAL SOCIETY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2010 AND 2009
(Continued)**

4. RISK MANAGEMENT (Continued)

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$13,111	\$13,587

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.

5. 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 Hamilton County's auction. A commission percentage 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 follows:

	<u>2010</u>	<u>2009</u>
Beginning Cash Balance	\$7,654	\$8,613
Receipts	40,284	30,138
Disbursements	<u>(39,109)</u>	<u>(31,097)</u>
Ending Cash Balance	<u><u>\$8,829</u></u>	<u><u>\$7,654</u></u>

See Note 6 regarding the Junior Livestock Sale Committee's decision to dis-associate with the Hamilton County Agricultural Society and annual fair in 2011.

6. SUBSEQUENT EVENTS

As described in Note 5, the Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction held during fair week. The accompanying financial statement does not include the Junior Livestock Committee's activities.

The Junior Livestock Sale Committee informed the Society that it chose to dis-associate with the Hamilton County Agricultural Society and the Hamilton County Fair in 2011. The Junior Livestock Sale Committee participated in a separate 4-H Community Fair held in rural Hamilton County in July, 2011.



Dave Yost • Auditor of State

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

Hamilton County Agricultural Society
Hamilton County
7801 Anthony Wayne Avenue
Cincinnati, Ohio 45216

To the Board of Directors:

We have audited the financial statements of the Hamilton County Agricultural Society, Hamilton County, Ohio (the Society), as of and for the years ended November 30, 2010 and 2009 and have issued our report thereon dated August 31, 2011, wherein we noted that 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weakness.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-01.

We also noted certain matters not requiring inclusion in this report that we reported to the Society's management in a separate letter dated August 31, 2011.

The Society's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Society's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

August 31, 2011

HAMILTON COUNTY AGRICULTURAL SOCIETY
HAMILTON COUNTY

SCHEDULE OF FINDINGS
NOVEMBER 30, 2010 AND 2009

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

FINDING NUMBER 2010-01

Noncompliance and Material Weakness

Uniform Agricultural Society Accounting System User Manual, Bank Accounts Section states, in part, all cash receipts shall be deposited into the checking account and all cash disbursements shall be made by a check redeemable against the checking account. Agricultural societies shall not make payments out of un-deposited receipts. Rather, the receipts shall be deposited and disbursements shall be made by check against the bank account.

During 2010 and 2009, as part of an agreement with the amusement ride provider, the Society split the gate admission receipts with the provider at the end of each fair day. These funds were provided directly to the amusement ride provider and were not recorded or accounted for on the Society's accounting records. The accompanying financial statements reflect an adjustment to reflect the additional gate receipts and disbursement to the amusement ride provider. In 2010 and 2009, the Society collected additional funds which netted to a totaling of \$24,972 and \$52,368, respectively.

We recommend that the Society deposit and post all revenue received in gate admission receipts and subsequently issue a check for any monies collected which may be due to another entity or individual as required by the Uniform Agricultural Society Accounting System User Manual.

Officials' Response:

Effective 2010, gate receipts are not split with an Amusement Ride Company. In the future, if we go back to doing business with an Amusement Ride Company that gate receipts are split with all monies will be paid by check.

This page intentionally left blank.

**HAMILTON COUNTY AGRICULTURAL SOCIETY
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Significant deficiency – Lack of internal controls over duplicate cash receipts and gate admission receipts	Yes	

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

HAMILTON COUNTY AGRICULTURAL SOCIETY

HAMILTON 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 22, 2011**