



OHIO AUDITOR OF STATE  
**KEITH FABER**



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**BUTLER COUNTY AGRICULTURAL SOCIETY  
BUTLER COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
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Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Butler County Agricultural Society  
Butler County  
1715 Fairgrove Avenue  
Hamilton, Ohio 45011

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Butler County Agricultural Society, Butler County, Ohio (the Agricultural Society) as of and for the years ended November 30, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements 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 statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements 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 statements are 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 Agricultural Society's preparation and fair presentation of the financial statements 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 Agricultural Society's internal control. Accordingly, we express no such 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 opinions.

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

As described in Note 2 of the financial statements, the Agricultural Society prepared these financial statements 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 (GAAP), to satisfy these requirements.

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

Though the Agricultural Society does not intend these statements 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 statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Agricultural Society as of November 30, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Butler County Agricultural Society, Butler County as of November 30, 2019 and 2018, and for the 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 April 10, 2020, on our consideration of the 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 Agricultural Society's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

April 10, 2020

**Butler County Agricultural Society**  
*Butler County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2019*

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<b>Operating Receipts</b>	
Taxes	\$16
Admissions	360,678
Privilege Fees	110,053
Rentals	165,690
Other Operating Receipts	<u>55,459</u>
<i>Total Operating Receipts</i>	<u>691,896</u>
<b>Operating Disbursements</b>	
Wages and Benefits	67,366
Utilities	78,219
Professional Services	93,187
Equipment and Grounds Maintenance	60,364
Property and Rent Services	223,188
Senior Fair	24,852
Junior Fair	14,583
Capital Outlay	17,589
Other Operating Disbursements	<u>408,667</u>
<i>Total Operating Disbursements</i>	<u>988,015</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(296,119)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	7,101
Local Support	0
Debt Proceeds	0
Donations/Contributions	443,773
Investment Income	90
Mortgage Income	0
Sale of Assets	0
Debt Service	<u>(74,874)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>376,090</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	79,971
Cash Balance, Beginning of Year	<u>126,593</u>
<i>Cash Balance, End of Year</i>	<u><u>\$206,564</u></u>

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

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**Agricultural Society of Butler County**  
*Butler County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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**Note 1 – Reporting Entity**

The Agricultural Society of Butler County (the Society), Butler 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 1851 to operate an annual agricultural fair. The Society sponsors the week – long Butler County Fair during July. Butler County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 10 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Butler 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, Junior Fair Board activities, and Junior Fair Livestock Sale Committee activities. Other year-round activities at the fairgrounds including facility rental, boat, camper and track storage. Private and community events including trade shows, horse/livestock shows, sales and clinics. The reporting entity does not include any other activities or entities of Butler County, Ohio.

The Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity are reported in the Society’s financial statement.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Basis of Accounting***

This financial statement 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Deposits***

The Society maintained all funds in checking accounts.

**Agricultural Society of Butler County**  
*Butler County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

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***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.

**Note 3 – Deposits**

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

	<u>2019</u>
Demand deposits	<u>\$206,564</u>
Total deposits	<u>\$206,564</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 4 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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

**Note 5 – 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 amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2019.

**Agricultural Society of Butler County**  
*Butler County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2019*

**Note 6 – Debt**

Debt outstanding at November 30, 2019, was as follows:

	Principal	Interest Rate
\$1,000,000 Loan	\$856,301	5.25%
\$150,000 Loan	117,953	5.25%
Total	\$974,254	

The \$1,000,000 Loan and the \$150,000 Loan currently bear an interest rate of 5.25 percent increasing to 6 percent after the first five years and are due to the Somerville National Bank. The loans were entered into on September 25, 2012 and mature September 25, 2032. Proceeds of the loans were used to build a new administrative, banquet and show building.

Amortization of the above debt is scheduled as follows:

Fiscal			
Year Ending			
November 30:	\$1,000,000 Loan	\$150,000 Loan	Total
2020	\$65,713	\$9,161	\$74,874
2021	65,713	9,161	74,874
2022	65,713	9,161	74,874
2023	72,853	10,157	83,010
2024	72,853	10,157	83,010
2025-2029	364,265	50,785	415,050
2030-2032	218,559	30,471	249,030
	\$925,669	\$129,053	\$1,054,722

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**Butler County Agricultural Society**  
*Butler County*  
*Statement of Receipts, Disbursements and*  
*Change in Fund Balance (Regulatory Cash Basis)*  
*For the Year Ended November 30, 2018*

<b>Operating Receipts</b>	
Taxes	\$0
Admissions	353,508
Privilege Fees	114,675
Rentals	163,036
Sustaining and Entry Fees	20,357
Other Operating Receipts	<u>24,939</u>
<i>Total Operating Receipts</i>	<u>676,515</u>
<b>Operating Disbursements</b>	
Wages and Benefits	77,503
Utilities	71,598
Professional Services	56,062
Equipment and Grounds Maintenance	229,538
Senior Fair	67,747
Junior Fair	367,742
Capital Outlay	54,567
Other Operating Disbursements	<u>81,401</u>
<i>Total Operating Disbursements</i>	<u>1,006,158</u>
<i>Excess (Deficiency) of Operating Receipts</i> <i>Over (Under) Operating Disbursements</i>	<u>(329,643)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
State Support	7,070
Local Support	4,800
Donations/Contributions	386,304
Investment Income	78
Debt Service	<u>(81,638)</u>
<i>Net Non-Operating Receipts (Disbursements)</i>	<u>316,614</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(13,029)
Cash Balance, Beginning of Year	<u>139,622</u>
<i>Cash Balance, End of Year</i>	<u><u>\$126,593</u></u>

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

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**Agricultural Society of Butler County**  
*Butler County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2018*

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**Note 1 – Reporting Entity**

The Agricultural Society of Butler County (the Society), Butler 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 1851 to operate an annual agricultural fair. The Society sponsors the week – long Butler County Fair during July. Butler County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 10 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Butler 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, Junior Fair Board activities, and Junior Fair Livestock Sale Committee activities. Other year-round activities at the fairgrounds including facility rental, boat, camper and track storage. Private and community events including trade shows, horse/livestock shows, sales and clinics. The reporting entity does not include any other activities or entities of Butler County, Ohio.

The Junior Fair Board’s and Junior Livestock Sale Committee’s financial activity are reported in the Society’s financial statement.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Basis of Accounting***

This financial statement 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Deposits***

The Society maintained all funds in checking accounts.

**Agricultural Society of Butler County**  
*Butler County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2018*

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***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.

**Note 3 – Deposits**

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

	<u>2018</u>
Demand deposits	<u>\$126,593</u>
Total deposits	<u>\$126,593</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 4 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Society pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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

**Note 5 – 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 amount equal to 6.2 percent of participants' gross salaries. The Society has paid all contributions required through November 30, 2018.



**Agricultural Society of Butler County**  
*Butler County*  
*Notes to the Financial Statement*  
*For the Fiscal Year Ended November 30, 2018*

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**Note 6 – Debt**

Debt outstanding at November 30, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
\$1,000,000 Loan	\$875,416	5.25%
\$150,000 Loan	120,690	5.25%
Total	\$996,106	

The \$1,000,000 Loan and the \$150,000 Loan currently bear an interest rate of 5.25 percent increasing to 6 percent after the first five years and are due to the Somerville National Bank. The loans were entered into on September 25, 2012 and mature September 25, 2032. Proceeds of the loans were used to build a new administrative, banquet and show building.

Amortization of the above debt is scheduled as follows:

Year Ending			
November 30:	\$1,000,000 Loan	\$150,000 Loan	Total
2019	\$65,713	\$9,161	\$74,874
2020	65,713	9,161	74,874
2021	65,713	9,161	74,874
2022	65,713	9,161	74,874
2023	72,853	10,157	83,010
2024-2028	364,265	50,785	415,050
2030-2032	291,412	40,628	332,040
	\$991,382	\$138,214	\$1,129,596

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# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

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

Butler County Agricultural Society  
Butler County  
1715 Fairgrove Avenue  
Hamilton, Ohio 45011

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 statements of the cash balances, receipts, and disbursements of the Butler County Agricultural Society, Butler County, (the Agricultural Society) as of and for the years ended November 30, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated April 10, 2020.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 Agricultural Society's financial statements. 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.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Agricultural 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, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item Finding 2019-001.

***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 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 Agricultural Society's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

April 10, 2020

**BUTLER COUNTY AGRICULTURAL SOCIETY  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
NOVEMBER 30, 2019 AND 2018**

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

**FINDING NUMBER 2019-001**

**Noncompliance**

Ohio Rev. Code §1711.13(B) allows an agricultural society to enter into agreements to obtain loans and credit for expenses related to the purposes of the county agricultural society, provided that the agreements are in writing and are first approved by its board of directors. The total net indebtedness incurred by a county agricultural society pursuant to this division shall not exceed an amount equal to twenty-five percent of its annual revenues.

At November 30, 2019 and 2018, the Agricultural Society's outstanding loans totaled \$974,254 (85%) and \$996,106 (93%) of the total annual revenues of \$1,142,860 and \$1,074,767, respectively.

Failure to limit total net indebtedness to less than twenty-five percent of revenue could result in financial difficulty for the Agricultural Society.

We recommend that the Agricultural Society's indebtedness be limited to twenty-five percent of its annual revenues.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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BUTLER COUNTY AGRICULTURAL SOCIETY  
 1715 Fairgrove Avenue  
 Hamilton, Ohio 45011

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 2 CFR 200.511(b)  
 NOVEMBER 30, 2019 AND 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Timely Deposit of Receipts	Partially Corrected	<p>The Board of Directors voted to approve a policy where deposits can be held up to three business days for amounts less than \$1,000. Also, making trips to the bank(s) has become part of the daily schedule, if needed.</p> <p>There was only one occurrence of noncompliance discovered during the audit, so this issue was repeated as a verbal comment.</p>
2017-002	Admissions Tickets	Corrective Action Taken and Finding is Fully Corrected	The Society keeps all unsold ticket and wristbands, and will store all unaudited tickets in main office until audited, from now on.
2017-003	Debt Ratio Limitation	Not Corrected	Repeated as Finding 2019-001

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# OHIO AUDITOR OF STATE KEITH FABER



**BUTLER COUNTY AGRICULTURAL SOCIETY**

**BUTLER 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  
APRIL 30, 2020**