



**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED NOVEMBER 30, 2001**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Statement of Receipts, Disbursements, and Change in Cash Balance For the Year Ended November 30, 2001	3
Notes to the Financial Statement	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	14

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Butler County Agricultural Society
Butler County
5550 Princeton Road
Hamilton, Ohio 45011

To the Board of Directors:

We have audited the accompanying financial statement of the Butler County Agricultural Society, Butler County, Ohio (the Society), as of and for the year ended November 30, 2001. This financial statement is the responsibility of the Society's management. Our responsibility is to express an opinion on this financial statement 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Society as of November 30, 2001, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 19, 2002

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2001**

Operating Receipts:	
Admissions	\$342,926
Privilege Fees	105,665
Rentals	112,818
Sustaining and Entry Fees	12,877
Parimutuel Wagering Commission	4,113
Other Operating Receipts	30,188
	<hr/>
Total Operating Receipts	608,587
	<hr/>
Operating Disbursements:	
Wages and Benefits	73,854
Utilities	53,887
Professional Services	152,868
Equipment and Grounds Maintenance	157,104
Race Purse	45,225
Senior Fair	35,388
Junior Fair	15,932
Capital Outlay	62,212
Other Operating Disbursements	86,739
	<hr/>
Total Operating Disbursements	683,209
	<hr/>
Deficiency of Operating Receipts Under Operating Disbursements	(74,622)
Non-Operating Receipts (Disbursements):	
State Support	39,594
County Support	50,000
Debt Proceeds	0
Restricted Support	13,571
Unrestricted Support	11,437
Investment Income	5,375
Debt Service	(24,714)
	<hr/>
Net Non-Operating Receipts (Disbursements)	95,263
	<hr/>
Excess of Receipts Over Disbursements	20,641
Cash Balance, Beginning of Year	138,749
	<hr/>
Cash Balance, End of Year	<u><u>\$159,390</u></u>

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

This page intentionally left blank.

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Butler County Agricultural Society, Butler County, (the Society) is a body corporate and politic 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 direct the operation of an annual agricultural fair. The Society sponsors the week-long Butler County Fair during July. During the fair, harness races are held. Butler County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 10 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Butler County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing, and the Junior Fair Board. Other year round activities at the fairgrounds including facility and storage rental, track and stall rental, and community events including trade shows and horse shows. The reporting entity does not include any other activities or entities of Butler County, Ohio.

The financial activity of the Junior Livestock Sale Committee is summarized in Note 9.

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

B. Basis of Accounting

This financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash Deposits

The Society has a checking account and a certificate of deposit.

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Restricted Support

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

F. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

G. Race Purse

Stake races are conducted during the Butler 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 Ohio Colt Racing Association pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statement as Sustaining and Entry Fees.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement race purse. See Note 3 for additional information.

H. Parimutuel 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 determined by the parimutuel wagering system. The Society contracts with a totalizer service to collect bets and provide the parimutuel wagering system.

Parimutuel wagering commission (commission) is the Society's share of total parimutuel 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 Parimutuel Wagering Commission. See Note 3 for additional information.

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

2. CASH DEPOSITS

The carrying amount of cash deposits at November 30, 2001 follows:

Demand deposits	\$123,610
Certificates of deposit	<u>35,780</u>
Total deposits	<u><u>\$159,390</u></u>

Deposits: \$135,780 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). The remainder was uninsured and uncollateralized.

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2001 was \$30,800 and is included within State Support on the accompanying financial statement.

Parimutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statement, rather, it records the Parimutuel Wagering Commission (commission) which is the Society's share of total parimutuel wagers after paying winning bettors. The expenses of providing the parimutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements, State taxes, which are also paid from Parimutuel Wagering Commission, are reflected in Other Operating Disbursements, and the amount remaining is the Society's net portion.

	<u>2001</u>
Total Amount Bet (Handle)	\$21,011
Payoff to Bettors	<u>16,898</u>
Parimutuel Wagering Commission	4,113
Tote Service Set Up Fee	300
Tote Service Commission	1,946
State Tax	<u>459</u>
Society Portion	<u><u>\$1,408</u></u>

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

4. DEBT

Debt outstanding at November 30, 2001 was as follows:

	Principal	Interest Rate
Grandstand Loan	\$ 36,650	Variable

The Society obtained a loan in 1997 in the amount of \$196,650 for the fairground grandstand. The initial maturity date on this loan is 2007. The Society has paid more on the loan than the original agreed upon principal payment so therefore will most likely pay it off early. The interest rate applicable at November 30, 2001 is 8.98%.

Amortization of the above debt, is scheduled as follows:

Year ending November 30:	Grandstand Loan	Interest	Total
2002	\$20,000	\$409	\$20,409
2003	16,650	408	17,058
Total	\$36,650	\$817	\$37,467

5. RETIREMENT SYSTEM

All persons working for the Society are considered to be self-employed; however, the Society does pay social security for the Bookkeeper and Secretary/Manager as per their contracts.

6. RISK MANAGEMENT

The Society provides health coverage for the Bookkeeper and Secretary/Manager as per their contracts through a health care provider.

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. The Society also carries its own insurance on the premises and picnic grounds. The Society carries various types of insurance with the following limits: computer equipment coverage with a limit of \$10,000; miscellaneous property coverage with a limit of \$11,550; contractor's equipment coverage with a limit of \$20,000; robbery and safe burglary coverage with a total limit of \$10,000; exhibition coverage with a limit of \$25,000; commercial general liability coverage with an aggregate limit for products of \$5,000,000, personal and advertising injury limit of \$1,000,000, each occurrence limit of \$1,000,000, fire damage limit of \$300,000 for any one fire, and medical expense limit of \$5,000 for any one person; and excess liability in the limit of \$1,000,000 each occurrence.

The Society also has a blanket bond to cover dishonesty and theft. Up until April 13, 2001 the amount covered was \$20,000 and after this date it was increased to \$25,000.

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
NOVEMBER 30, 2001
(Continued)**

7. RELATED PARTY TRANSACTIONS

The Society contracts with Fear Not Farms, which is owned by the Secretary/Manager's brother, to take the manure that is shoveled out of the horse stalls. The Society paid Fear Not Farms a total of \$3,300 during fiscal year 2001.

8. SUBSEQUENT EVENTS

In December 2001, the Society paid off the grandstand loan \$36,650 of principal and \$817 of interest.

9. 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 Butler County's auction. Monies to cover the cost of the auction are generated through a 2% commission of total sales and are retained by the Junior Livestock Committee. The accompanying financial statement does not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the year ended November 30, 2001 follows:

Beginning Cash Balance	\$462
Receipts	10,056
Disbursements	<u>4,298</u>
Ending Cash Balance	<u><u>\$6,220</u></u>

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Butler County Agricultural Society
Butler County
5550 Princeton Road
Hamilton, Ohio 45011

To the Board of Directors:

We have audited the financial statement of the Butler County Agricultural Society, Butler County, Ohio (the Society), as of and for the year ended November 30, 2001, and have issued our report thereon dated June 19, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Society's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2001-60409-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Society's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-60409-001 and 2001-60409-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-60409-002 to be a material weakness.

This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 19, 2002

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2001**

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

FINDING NUMBER 2001-60409-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 9.38, states that public money must be deposited on the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

Contrary to this section, 13% of the admission receipts tested, 18% of the privilege fees receipts tested, 50% of the fees receipts tested, and 68% of the rental receipts tested were not deposited within the next business day. Failure to properly deposit these monies could result in lack of accountability for the receipts collected.

We recommend the Society deposit receipts within the next business day or establish a policy where the amounts lesser than \$1,000 can be deposited no later than 3 business days after receiving it.

FINDING NUMBER 2001-60409-002

Material Weakness

The Society did not utilize purchase orders during the audit period. The Uniform System of Accounting for Agricultural Societies Handbook states that the Society should utilize purchase orders. The purchase orders should be numbered consecutively and should be made out in triplicate. The purchase order should provide the following information: purchase order number and the date; name of society and vendor; destination and method of shipping; quantity, unit, description, and cost; and when applicable, name or title of person(s) authorizing the purchase order. When purchase orders are diligently recorded and checks are properly issued, sound fiscal control is the inevitable result. We recommend that the Society follow the handbook and utilize purchase orders.

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
III	Use of purchase orders	No	Not Corrected. Repeated for 2001 as finding 2001-60409-002.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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
JULY 9, 2002**