



Dave Yost • Auditor of State

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

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Dave Yost • Auditor of State

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 Society) as of and for the years ended November 30, 2017 and 2016.

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 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 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 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.

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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 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 Society as of November 30, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Admission receipts are reported at \$334,349 and \$312,416 for the years ended December 31, 2017 and 2016, respectively, which are 53 percent of total receipts for the year ended December 31, 2017, and 51 percent of total receipts for the year ended December 31, 2016. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as admission receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, 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, for the years ended November 30, 2017 and 2016, 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 March 13, 2018, 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. 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 Society's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2018

Butler County Agricultural Society
Butler County
Statement of Receipts, Disbursements and Change
in Fund Balance (Regulatory Cash Basis) For the
Year Ended November 30, 2017

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Operating Receipts	
Admissions	\$334,349
Privilege Fees	108,601
Rentals	142,474
Entry Fees	26,457
Other Operating Receipts	15,830
Total Operating Receipts	<u>627,711</u>
Operating Disbursements	
Wages and Benefits	70,642
Utilities	78,847
Professional Services	46,298
Equipment and Grounds Maintenance	212,493
Senior Fair	72,264
Junior Fair	389,850
Capital Outlay	39,876
Other Operating Disbursements	104,882
Total Operating Disbursements	<u>1,015,152</u>
Excess (Deficiency) of Operating Receipts	<u>(387,441)</u>
Non-Operating Receipts (Disbursements)	
State Support	56,600
County Support	2,400
Donations/Contributions	439,792
Investment Income	71
Debt Service	(84,147)
Other Non-Operating Receipts	5,050
	<u>419,766</u>
Net Non-Operating Receipts (Disbursements)	<u>419,766</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	32,325
Cash Balance, Beginning of Year	<u>107,297</u>
Cash Balance, End of Year	<u>\$139,622</u>

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

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Agricultural Society of Butler County, Ohio

Butler County

Notes to the Financial Statements

For the Year Ended November 30, 2017

Note 1 – Reporting Entity

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 truck storage, Private and community events such as 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 and Junior Livestock Sale Committee's financial activity are reported in the Society's financial statements.

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 follow 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).

These statements include 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.

Agricultural Society of Butler County, Ohio

Butler County

Notes to the Financial Statements

For the Year Ended November 30, 2017

Deposits

The Society maintained all funds in checking accounts.

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Note 3 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2017</u>
Demand deposits	\$139,622

Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Risk Management

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2018.

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

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

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. 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.

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, 2015, 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.

Agricultural Society of Butler County, Ohio

Butler County

Notes to the Financial Statements

For the Year Ended November 30, 2017

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 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, 2017.

Note 6 – Debt

Debt outstanding at November 30, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
\$1,000,000 Loan	\$896,601	4.25%
\$150,000 Loan	124,996	4.25%
Total	<u>\$1,021,597</u>	

The \$1,000,000 and \$150,000 loans currently bear an interest rate of 4.25 percent and are due to Somerville National Bank. The notes were entered into on September 25, 2012. According to the current amortization schedule, the notes both mature on September 25, 2042. However, the current debt agreements state that both loans will mature on September 25, 2032. Proceeds of the notes were used to build a new administrative, banquet, and show building.

The Society also signed two additional loan agreements for the \$1,000,000 loan and the \$150,000 loan on September 25, 2012. These agreements both state that the interest rates will increase to 6.00 percent after the first five years of both loans on September 25, 2017. The remaining amounts will be amortized over a 25 year period. The agreements also state that the interest rates will increase again to 6.75 percent on September 25, 2022 until maturity on September 25, 2032. The remaining amounts will be amortized over a 20 year period.

The Society does not have documentation of the amortization schedules for the debt payment changes that will occur in 2017 and 2022.

Amortization of the above debt is scheduled as follows based on the current amortization schedule before the debt agreement changes take effect:

Agricultural Society of Butler County, Ohio

Butler County

Notes to the Financial Statements

For the Year Ended November 30, 2017

Year ending	\$1,000,000	\$150,000	
November 30:	Loan	Loan	Total
2018	\$60,038	\$9,006	\$69,044
2019	60,038	9,006	69,044
2020	60,038	9,006	69,044
2021	60,038	9,006	69,044
2022	60,038	9,006	69,044
2023-2027	300,190	45,030	345,220
2028-2032	300,190	45,030	345,220
2033-2037	300,190	45,030	345,220
2038-2042	300,190	45,030	345,220
	\$1,500,949	\$225,142	\$1,726,100

The ending balance of \$1,726,100 does not reflect the additional principal payments of \$10,956 each made in 2016 and 2017.

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

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Operating Receipts	
Admissions	\$312,416
Privilege Fees	114,803
Rentals	153,701
Entry Fees	28,666
Other Operating Receipts	12,873
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Total Operating Receipts	622,459
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Operating Disbursements	
Wages and Benefits	72,496
Utilities	74,223
Professional Services	41,627
Equipment and Grounds Maintenance	200,769
Senior Fair	96,473
Junior Fair	394,570
Capital Outlay	28,918
Other Operating Disbursements	94,624
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Total Operating Disbursements	1,003,700
	<hr/>
Excess (Deficiency) of Operating Receipts	(381,241)
	<hr/>
Non-Operating Receipts (Disbursements)	
State Support	7,338
County Support	2,400
Donations/Contributions	438,353
Investment Income	69
Debt Service	(83,854)
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Net Non-Operating Receipts (Disbursements)	364,306
	<hr/>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(16,935)
	<hr/>
Cash Balance, Beginning of Year	124,232
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Cash Balance, End of Year	\$107,297
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The notes to the financial statement are an integral part of this statement.

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Agricultural Society of Butler County, Ohio

Butler County

Notes to the Financial Statements

For the Year Ended November 30, 2016

Note 1 – Reporting Entity

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 truck storage, Private and community events such as 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 and Junior Livestock Sale Committee’s financial activity are reported in the Society’s financial statements.

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 balance (regulatory cash basis).

Basis of Accounting

These financial statements follow 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).

These statements include 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, Ohio

Butler County

Notes to the Financial Statements

For the Year Ended November 30, 2016

Capital Assets

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Note 3 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30 was as follows:

	<u>2016</u>
Demand deposits	\$107,297

Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Risk Management

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through June 2018.

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

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

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. 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.

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, 2015, 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.

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

Agricultural Society of Butler County, Ohio

Butler County

Notes to the Financial Statements

For the Year Ended November 30, 2016

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.

The Society's Liability Coverage changed from private insurance to the Public Entities Pool in 2016.

Note 5 – Social Security

The Society's 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, 2016.

Note 6 – Debt

Debt outstanding at November 30, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
\$1,000,000 Loan	\$921,030	4.25%
\$150,000 Loan	134,996	4.25%
Total	<u>\$1,056,026</u>	

The \$1,000,000 and \$150,000 loans currently bear an interest rate of 4.25 percent and are due to Somerville National Bank. The notes were entered into on September 25, 2012. According to the current amortization schedules, the notes both mature on September 25, 2042. However, the current debt agreements state that both loans will mature on September 25, 2032. Proceeds of the notes were used to build a new administrative, banquet, and show building.

The Society also signed two additional loan agreements for the \$1,000,000 loan and the \$150,000 loan on September 25, 2012. These agreements both state that the interest rates will increase to 6.00 percent after the first five years of both loans on September 25, 2017. The remaining amounts will be amortized over a 25 year period. The agreements also state that the interest rates will increase again to 6.75 percent on September 25, 2022 until maturity on September 25, 2032. The remaining amounts will be amortized over a 20 year period.

The Society does not have documentation of the amortization schedules for the debt payment changes that will occur in 2017 and 2022.

Amortization of the above debt is scheduled as follows based on the current amortization schedule before the debt agreement changes take effect:

Agricultural Society of Butler County, Ohio

Butler County

Notes to the Financial Statements

For the Year Ended November 30, 2016

Year ending	\$1,000,000	\$150,000	
November 30:	Loan	Loan	Total
2017	\$60,038	\$9,006	\$69,044
2018	60,038	9,006	69,044
2019	60,038	9,006	69,044
2020	60,038	9,006	69,044
2021	60,038	9,006	69,044
2022-2026	300,190	45,030	345,220
2027-2031	300,190	45,030	345,220
2032-2036	300,190	45,030	345,220
2037-2041	300,190	45,030	345,220
2042	60,038	9,006	69,044
	\$1,560,987	\$234,148	\$1,795,135

The ending balance of \$1,795,135 does not reflect the additional principal payment of \$10,956 made in 2016.



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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 Society) as of and for the years ended November 30, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated March 13, 2018, wherein we noted the Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as admission receipts.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the '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 statements, but not to the extent necessary to opine on the effectiveness of the '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 '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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-002 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, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-001 and 2017-003.

Society's Response to Findings

The Society's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Society's responses and, accordingly, we express no opinion on them.

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 Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 13, 2018

**BUTLER COUNTY AGRICULTURAL SOCIETY
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Noncompliance

Ohio Revised Code § 9.38 states that a person who is a public official shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds \$1,000. If the total amount of the public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

In 2017 and 2016, the Society failed to deposit the following receipts within 24 hours:

Type of Receipt	Receipt Number	Amount of Receipt	Receipt Date	Deposit Date	Business Days Held
Privilege Fee	14723	\$1,200.00	3/23/17	3/31/17	6
Rental	14732	2,500.00	3/28/17	4/6/17	7
Rental	14742	750.00	4/6/17	4/13/17	5
Donations & Contributions	14116	375.00	5/16/17	5/23/17	5
Privilege Fee	14818	1,275.00	6/2/17	6/19/17	11
Admission	14873	50.00	6/26/17	6/29/17	2
Rental	14887	2,500.00	6/28/17	7/14/17	11
Admission	15032	306.00	7/27/17	7/31/17	2
Rental	15044	825.00	7/29/17	8/4/17	5
Privilege Fee	15048	950.00	7/29/17	8/4/17	5
Donations & Contributions	9389	10,250.75	8/3/17	8/7/17	2
Rental	15081	350.00	8/21/17	8/24/17	3
Donations & Contributions	14046	175.00	3/2/16	3/11/16	7
Rental	14186	6,000.00	6/8/16	6/13/16	3
Donations & Contributions	13615	375.00	7/12/16	7/15/16	3
Donations & Contributions	13618	2,000.00	7/12/16	7/15/16	3

The deposits identified above represent six out of 17 (35%) rental receipts tested, two out of 18 (11%) admission receipts tested, three out of six (50%) privilege fee receipts tested, and five out of 24 (21%) donations and contributions receipts tested.

We recommend that the Society deposit all receipts within one business day and that the Board adopt a policy allowing the fiscal manager to hold receipts of less than \$1,000 for up to three business days while adequately safeguarded in the meantime.

**FINDING NUMBER 2017-001
 (Continued)**

Officials' Response:

In February 2018, 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.

FINDING NUMBER 2017-002

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16. The Society lacked internal controls relevant to preparing and fairly presenting amounts recorded as Admission receipts in the financial statements free from material misstatement.

The Society received admission receipts from the sales of prenumbered tickets and wristbands and recorded those amounts on General Admission Ticket Revenue Sheets. While the Society recorded the number range of tickets and wristbands sold, they did not retain the beginning and ending prenumbered items sold. Further, the Society did not retain the actual unsold tickets or wristbands in order to support the amounts listed on the General Admission Ticket Revenue Sheets for the following ticket sales:

2017 ADMISSION RECEIPTS TESTED			
Ticket Category	Date(s) of Receipt	Receipt Number(s)	Receipt Amount(s)
Grandstand	7/28/17	15040	\$22,095
Grandstand - Other	7/28/17	15039	\$23,249
Total			\$45,344

2016 ADMISSION RECEIPTS TESTED			
Ticket Category	Date(s) of Receipt	Receipt Number(s)	Receipt Amount(s)
Admission Tickets - General	7/27/16	14285	\$22,784
Admission Tickets - General	7/29/16	14297	\$44,056
Grandstand Pit Passes	7/26/16	14273	\$1,920
		14331	\$3,800
Grandstand Other	7/25/16 to 7/30/16	various	\$34,796
Admissions Children	7/24/16	14259	\$6,906
	7/25/16	14268	
	7/29/16	14297	
Total			\$114,262

**FINDING NUMBER 2017-002
 (Continued)**

The Admission Receipts tested represented for 14 and 37 percent of Admission Receipts for the years ended November 30, 2017 and 2016, respectively. The Admission Receipts reported by the Society on their financial statements were \$334,349 and \$312,416 for the years ended November 30, 2017 and 2016, respectively, which represented 53 and 51 percent of the total operating receipt for the years ended November 30, 2017 respectively.

Also, certain amounts deposited in the bank did not equal the amounts recorded on the General Admission Ticket Revenue Sheet:

Receipt #	Date of Receipt	Amount Recorded on the General Admission Revenue Sheet	Amount Deposited in the Bank	Difference
15038	7/28/17	\$53,826	\$53,546	(\$280)
15039	7/28/17	23,159	23,249	90

Failure to properly document item number for all admission receipts and maintain unsold tickets or wristbands increases the risk that errors, theft or fraud may occur and not be detected.

We recommend that the beginning and ending admission tickets and wristbands, and unsold tickets and wristbands, be retained as evidence of the completeness and accuracy of the recorded receipts.

Officials' Response:

We keep all unsold ticket and wristbands. The tickets from 2016 were moved to storage prior to 2017 fair. We were unable to locate them during audit, and since. The unsold 2017 tickets and wristbands were present at the audit. We will store all unaudited tickets in main office until audited, from now on.

There was a day that there was a \$100 bill wrapped in a bundle of \$10 bills. We are not sure but believe the \$90 difference was probably a result of that.

FINDING NUMBER 2017-003

Noncompliance

Ohio Revised 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 the Board of Directors of the Society. The total net indebtedness incurred by a county agricultural society pursuant to this division shall not exceed an amount equal to twenty-five per cent of its annual revenues. Contrary to this section, the Society entered into loans exceeding twenty-five percent of its annual revenues.

At November 30, 2017, the Society had loans totaling \$1,021,602 or 90% of the total annual revenue of \$1,131,624. At November 30, 2016, the Society had loans totaling \$1,056,053 or 98% of the total annual revenue of \$1,070,618.

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

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

Officials' Response:

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

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THE BUTLER COUNTY AGRICULTURAL SOCIETY

1715 FAIRGROVE AVENUE ~ HAMILTON, OHIO 45011 PHONE: (513)892-1423

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

NOVEMBER 30, 2017 AND 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Finding initially occurred in FY 2014: ORC § 9.38, failure to deposit timely	Not corrected	1. Somerville Bank not convenient to fairgrounds! 2. Board voted to allow up to 3 business days for deposits < \$1,000.00. 3. Making trips to bank(s) part of daily schedule.
2015-002	Finding initially occurred in FY 2012: ORC § 1711.13(B), debt exceeding 25% of annual revenue	Not corrected	Mortgage on building. Will remain until paid off. Long term unless, we receive large grant, sponsorship or donation.
2015-003	Finding initially occurred in FY 2014: Failure to properly document admission receipts	Not corrected	1. Pre-Fair ticket audit. 2. Post Fair ticket audit. 3. Signers on tickets sales at gates. 4. No tickets leave office for storage until audited.
2015-004	Finding initially occurred in FY 2014: Failure to accurately post trial balances to the financial statements	Fully Corrected	



BOARD OF DIRECTORS

DOUG TURNER-President GARY GERBER-Vice-President DAVID VOLLMER-Secretary JERRY BITTNER-Treasurer
DAVE HILTBRAND MARK MIGNERY WALLY MINGES JOSH ROBINSON LEON SIMPSON CASEY WELLS

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Dave Yost • Auditor of State

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 17, 2018**