



Mary Taylor, CPA  
Auditor of State



**BUTLER COUNTY AGRICULTURAL SOCIETY  
BUTLER COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Changes in Cash Balance - For the Years Ended November 30, 2007 and 2006 .....	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> .....	9

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**Mary Taylor, CPA**  
Auditor of State

Butler County Agricultural Society  
Butler County  
960 Four Mile Creek Road  
Hamilton, Ohio 45013

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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

November 18, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Butler County Agricultural Society  
Butler County  
960 Four Mile Creek Road  
Hamilton, Ohio 45013

To the Board of Directors:

We have audited the accompanying financial statements of Butler County Agricultural Society, Butler County, Ohio (the Society), as of and for the years ended November 30, 2007 and 2006. 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, 2007 and 2006 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, 2007 and 2006, 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 Butler County Agricultural Society, Butler County, as of November 30, 2007 and 2006, and its combined 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 November 18, 2008, 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 18, 2008



**BUTLER COUNTY AGRICULTURAL SOCIETY  
BUTLER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
<b>Operating Receipts:</b>		
Admissions	\$352,761	\$350,741
Privilege Fees	125,230	115,877
Rentals	70,400	82,880
Other Operating Receipts	22,848	18,490
Total Operating Receipts	571,239	567,988
<b>Operating Disbursements:</b>		
Wages and Benefits	85,113	82,975
Utilities	56,512	61,319
Professional Services	29,294	27,948
Equipment and Grounds Maintenance	288,388	213,344
Senior Fair	359,800	347,639
Junior Fair	16,057	15,701
Capital Outlay	60,090	78,502
Other Operating Disbursements	80,911	77,176
Total Operating Disbursements	976,165	904,604
(Deficiency) of Operating Receipts		
(Under) Operating Disbursements	(404,926)	(336,616)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	6,348	6,451
County Support	20,000	15,000
Donations/Contributions	321,537	289,661
Investment Income	4,772	6,943
Other Financing Uses	(1,566)	(1,712)
Net Non-Operating Receipts (Disbursements)	351,091	316,343
(Deficiency) of Receipts (Under) Disbursements	(53,835)	(20,273)
Cash Balance, Beginning of Year	241,854	262,127
<b>Cash Balance, End of Year</b>	<b>\$188,019</b>	<b>\$241,854</b>

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

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**BUTLER COUNTY AGRICULTURAL SOCIETY  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2007 AND 2006**

**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 Butler County Agricultural Society, Butler 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 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.

**Reporting Entity**

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, Junior Fair Board activities, and Junior Livestock Sale Committee activities. Other year round activities at the fairgrounds including facility 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 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. Cash and Deposits**

The Society maintained all funds in interest-bearing checking accounts and certificates of deposit. Interest earned is recognized and recorded when received.

**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.

**E. Restricted Support**

Restricted support includes amounts that donors restrict for specific uses. This is included in the Donations/Contributions line item in the accompanying financial statements.

**BUTLER COUNTY AGRICULTURAL SOCIETY  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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. CASH AND DEPOSITS**

The carrying amount of cash and deposits at November 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$188,019	\$91,854
Certificates of deposit	0	150,000
Total deposits	<u>\$188,019</u>	<u>\$241,854</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; collateralized by the financial institution's public entity deposit pool.

**3. SOCIAL BENEFIT PLAN**

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System (OPERS) have an option to choose Social Security. As of November 30, 2007, all employees of the Society have elected Social Security. The employees' liability is 7.65 percent of wages paid. As of November 30, 2007 all payments have been made.

**4. RISK MANAGEMENT**

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

The Butler County Commissioners provide general insurance coverage for all the buildings on the Butler County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$50,000. The Society's general manager is bonded with coverage of \$25,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through April 2008.



# Mary Taylor, CPA

Auditor of State

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

Butler County Agricultural Society  
Butler County  
960 Four Mile Creek Road  
Hamilton, Ohio 45013

To the Board of Directors:

We have audited the financial statements of the Butler County Agricultural Society, Butler County, Ohio (the Society), as of and for the years ended November 30, 2007 and 2006, and have issued our report thereon dated November 18, 2008, wherein we noted 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 expressing our opinions on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Society's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Society's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Society's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Society's management in a separate letter dated November 18, 2008.

### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Society's management in a separate letter dated November 18, 2008.

We intend this report solely for the information and use of the audit committee, management, and Board of Directors. We intend it for on one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 18, 2008



**Mary Taylor, CPA**  
Auditor of State

**AGRICULTURE 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  
DECEMBER 4, 2008**