



**Auditor of State
Betty Montgomery**

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Belmont County Agricultural Society
Belmont County
51162 East Captina Highway
Jacobsburg, Ohio 43933

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Belmont County Agricultural Society, Belmont County, Ohio (the Society), as of and for the years ended November 30, 2004 and 2003, which collectively comprise the Society's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Society's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund of the Belmont County Agricultural Society, Belmont County, Ohio, as of November 30, 2004 and 2003, and the respective changes in cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended November 30, 2004 and 2003, the Society revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2005, 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.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 9, 2005

Belmont County Agricultural Society
Management's Discussion and Analysis
For the Years Ended November 30, 2004 and 2003
Unaudited

The discussion and analysis of the Belmont County Agricultural Society's financial performance provides an overall review of the Society's financial activities for the years ended November 30, 2004 and 2003, within the limitations of the Society's cash basis of accounting. The intent of this discussion and analysis is to look at the Society's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Society's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year 2004 are as follows:

- Net assets decreased \$11,811.
- General receipts accounted for \$215,690 in receipts or 54.4 percent of all receipts. Program specific receipts in the form of charges for services and sales, and operating grants and contributions accounted for \$180,972 or 45.6 percent of total receipts of \$396,662.
- The Society had \$408,473 in disbursements related to governmental activities; only \$180,972 of these disbursements were offset by program specific charges for services and sales, and operating grants and contributions. General receipts of \$215,690 were not adequate to provide for these programs.
- The Society's major fund had \$396,662 in receipts and \$408,473 in disbursements. The cash fund balance decreased \$11,811.

Key financial highlights for the year 2003 are as follows:

- Net assets decreased \$17,932.
- General receipts accounted for \$16,395 in receipts or 7.5 percent of all receipts. Program specific receipts in the form of charges for services and sales, and operating grants and contributions accounted for \$201,918 or 92.5 percent of total receipts of \$218,313.
- The Society had \$236,245 in disbursements related to governmental activities; only \$201,918 of these disbursements were offset by program specific charges for services and sales, and operating grants and contributions. General receipts of \$16,395 were not adequate to provide for these programs.
- The Society's major fund had \$218,313 in receipts and \$236,245 in disbursements. The cash fund balance decreased \$17,932.

USING THE BASIC FINANCIAL STATEMENTS

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Society's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Belmont County Agricultural Society as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

Belmont County Agricultural Society
Management's Discussion and Analysis
For the Years Ended November 30, 2004 and 2003
Unaudited

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the Society as a whole, presenting both an aggregate view of the Society's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Society has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Society's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Society as a Whole

The statement of net assets and the statement of activities reflect how the Society did financially during 2004 and 2003, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Society at year end. The Statement of Activities – Cash Basis compares cash disbursements with program cash receipts for each governmental activity. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program cash receipts. The comparison of cash disbursements with program cash receipts identifies how each governmental function draws from the Society's general receipts.

These statements report the Society's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Society's financial health. Over time, increases or decreases in the Society's cash position is one indicator of whether the Society's financial health is improving or deteriorating. When evaluating the Society's financial condition, you should also consider other nonfinancial factors as well as the Society's reliance on other local governments' property tax bases, the condition of the Society's capital assets and infrastructure, the extent of the Society's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Society's basic educational activities are reported. Charges for services and sales, and operating grants and contributions finance most of these activities. Benefits provided through the governmental activities are not necessarily paid for by the people receiving them.

Belmont County Agricultural Society
 Management's Discussion and Analysis
 For the Years Ended November 30, 2004 and 2003
 Unaudited

Reporting the Society's Fund Financial Statements

Fund Financial Statements

Fund financial statements provide detailed information about the Society. The Society's activities are reported in the fund financial statements, which focus on how money flows and the balance left at year end available for spending in future periods. These fund financial statements are reported on a cash basis of accounting. The fund financial statements provide a detailed short-term view of the Society's educational activities and the services they provide. Governmental information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational activities.

THE SOCIETY AS A WHOLE

Table 1 provides a summary of the Society's net assets for 2004 compared to 2003 and 2003 compared to 2002 on a cash basis:

Table 1
Net Assets – Cash Basis

	Governmental Activities		
	2004	2003	2002
Assets			
Cash Equivalents	\$35,986	\$47,797	\$65,729
Net Assets			
Unrestricted	\$35,986	\$47,797	\$65,729
Total Net Assets	\$35,986	\$47,797	\$65,729

As mentioned previously, net assets decreased \$11,811 from 2003 to 2004 and \$17,932 from 2002 to 2003. The decrease is due primarily to a decrease in attendance the entire week of the 2004 and 2003 Belmont County Fairs.

Belmont County Agricultural Society
Management's Discussion and Analysis
For the Years Ended November 30, 2004 and 2003
Unaudited

Table 2 provides a summary of the Society's change in net assets for 2004 compared to 2003 on a cash basis. Since 2003 was the first year the Society has prepared financial statements following GASB Statement 34 under the cash method, receipt and disbursement comparisons to calendar year 2002 are not available:

Table 2
Changes in Net Assets

	Governmental Activities	
	2004	2003
Receipts		
Program Cash Receipts		
Charges for Services and Sales	\$156,698	\$174,555
Operating Grants and Contributions	24,274	27,363
Total Program Cash Receipts	<u>180,972</u>	<u>201,918</u>
General Receipts		
State Support – Unrestricted	3,056	3,332
County Support – Unrestricted	12,500	12,500
Note Proceeds	200,000	0
Investment Income	134	563
Total General Receipts	<u>215,690</u>	<u>16,395</u>
Total Receipts	<u>396,662</u>	<u>218,313</u>
Disbursements:		
Educational Activities:		
Wages and Benefits	52,678	60,010
Utilities	8,367	8,074
Professional Services	62,615	78,993
Equipment and Grounds Maintenance	28,019	27,953
Senior Fair	11,092	10,808
Junior Fair	8,501	8,952
Capital Outlay	201,495	13,143
Debt Service	7,700	13
Other Operating Disbursements	28,006	28,299
Total Disbursements	<u>408,473</u>	<u>236,245</u>
Change in Net Assets	(11,811)	(17,932)
Net Assets Beginning of Year	<u>47,797</u>	<u>65,729</u>
Net Assets End of Year	<u>\$35,986</u>	<u>\$47,797</u>

The total receipts increased for the Society's educational activities by 81.7%, whereas disbursements increased by 72.9%. This was due to the Society receiving a promissory note for \$200,000 from Progressive Bank to purchase the new fairgrounds property in St. Clairsville, Ohio. In 2004, 54.4 percent of the Society's total receipts were from general receipts, consisting mainly of notes proceeds; Ohio Fairs Fund disbursement to be used in the general operation of the 2004 fair; and county support to be used for the general operation of the Society. Program cash receipts accounted for 45.6 percent of the Society's total receipts in year 2004. Admission receipts and privilege fees were the primary source of program cash receipts, representing \$130,164 or 72%.

Belmont County Agricultural Society
Management's Discussion and Analysis
For the Years Ended November 30, 2004 and 2003
Unaudited

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Society. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for wages and benefits, professional services, and capital outlay, which account for 12.9%, 15.3%, and 49.3% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and donations/contributions received by the Society that must be used to provide a specific service. The Net (Disbursements) Receipts and Changes in Net Assets column compares the program cash receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by state and county support – unrestricted, and note proceeds. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3. Comparisons to 2002 have not been made since they are not available.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2004	2003	2004	2003
Educational Activities:				
Wages and Benefits	\$52,678	\$60,010	\$6,606	\$10,116
Utilities	8,367	8,074	1,050	1,361
Professional Services	62,615	78,993	7,853	13,317
Equipment and Grounds Maintenance	28,019	27,953	3,514	4,712
Senior Fair	11,092	10,808	591	1,022
Junior Fair	8,501	8,952	(3,512)	(3,200)
Capital Outlay	201,495	13,143	200,187	2,215
Other Operating Disbursements	28,006	28,299	3,512	4,771
Debt Service	7,700	13	7,700	13
Total Disbursements	\$408,473	\$236,245	\$227,501	\$34,327

Charges for services and sales, and operating grants and contributions of \$180,972 (44.3% of the total costs of services) are received and used to fund the expenses of the Society. The remaining \$227,501 in educational activities is not fully covered by remaining general receipts, including state and county support – unrestricted, and note proceeds.

THE SOCIETY'S FUND FINANCIAL STATEMENTS

The Society's fund financial statements had total receipts of \$396,662 and \$218,313 and disbursements of \$408,473 and \$236,245 for 2004 and 2003, respectively. The fund financial statements had a decrease in the cash balance of \$11,811 and \$17,932 for 2004 and 2003, respectively, mainly due to a decrease in attendance at the 2004 and 2003 Belmont County Fairs.

Belmont County Agricultural Society
Management's Discussion and Analysis
For the Years Ended November 30, 2004 and 2003
Unaudited

ECONOMIC FACTORS

The Belmont County Agricultural Society is negotiating with the City of St. Clairsville for the sale of the present fairgrounds which is located in the center of St. Clairsville. The intentions are to move the fairgrounds to new land owned by the Society which is located on 82 acres out of the city limits.

Contacting the Society's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Society's finances and to reflect the Society's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marvelyn Saffell, Treasurer, Belmont County Agricultural Society, 51162 East Captina Highway, Jacobsburg, Ohio, 43933.

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

**Statement of Net Assets - Cash Basis
For the Year Ended November 30, 2004**

	<u>Governmental Activities</u>
Assets	
Cash Equivalents	<u>\$35,986</u>
<i>Total Assets</i>	<u>35,986</u>
Net Assets	
Unrestricted	<u>35,986</u>
<i>Total Net Assets</i>	<u><u>\$35,986</u></u>

See accompanying notes to the basic financial statements

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

**Statement of Activities - Cash Basis
For the Year Ended November 30, 2004**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Educational Activities:				
Wages and Benefits	\$52,678	41,114	4,958	(\$6,606)
Utilities	8,367	6,530	787	(1,050)
Professional Services	62,615	48,869	5,893	(7,853)
Equipment and Grounds Maintenance	28,019	21,868	2,637	(3,514)
Senior Fair	11,092	8,657	1,844	(591)
Junior Fair	8,501	6,635	5,378	3,512
Capital Outlay	201,495	1,167	141	(200,187)
Other Operating Disbursements	28,006	21,858	2,636	(3,512)
Debt Service	7,700			(7,700)
<i>Total Governmental Activities</i>	\$408,473	\$156,698	\$24,274	(227,501)
 General Receipts				
State Support - Unrestricted				3,056
County Support - Unrestricted				12,500
Note Proceeds				200,000
Investment Income				134
<i>Total General Receipts</i>				215,690
Change in Net Assets				(11,811)
<i>Net Assets Beginning of Year</i>				47,797
<i>Net Assets End of Year</i>				\$35,986

See accompanying notes to the basic financial statements

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

**Statement of Cash Basis Assets and Cash Basis Fund Balance
Governmental Fund
For the Year Ended November 30, 2004**

	<u>Operating Fund</u>
Assets	
Cash Equivalents	<u>\$35,986</u>
<i>Total Assets</i>	<u><u>\$35,986</u></u>
Fund Balance	
Unreserved, Undesignated	<u>\$35,986</u>
<i>Total Fund Balance</i>	<u>35,986</u>
<i>Total Fund Balance</i>	<u><u>\$35,986</u></u>

See accompanying notes to the basic financial statements

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

**Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance
Governmental Fund
For the Year Ended November 30, 2004**

	Operating Fund
Operating Cash Receipts:	
Admissions	\$99,968
Privilege Fees	30,196
Rentals	13,333
Other Operating Receipts	13,201
	13,201
<i>Total Operating Cash Receipts</i>	156,698
Operating Cash Disbursements:	
Educational Activities:	
Wages and Benefits	52,678
Utilities	8,367
Professional Services	62,615
Equipment and Grounds Maintenance	28,019
Senior Fair	11,092
Junior Fair	8,501
Capital Outlay	201,495
Other Operating Disbursements	28,006
	28,006
<i>Total Operating Cash Disbursements</i>	400,773
<i>(Deficiency) of Operating Cash Receipts (Under) Operating Cash Disbursements</i>	(244,075)
Non-Operating Cash Receipts (Disbursements):	
State Support	7,134
County Support	13,800
Debt Proceeds	200,000
Donations/ Contributions	18,896
Investment Income	134
Debt Service	(7,700)
	(7,700)
Net Non-Operating Cash Receipts (Disbursements)	232,264
<i>(Deficiency) of Cash Receipts (Under) Cash Disbursements</i>	(11,811)
<i>Fund Balance, Beginning of Year</i>	47,797
<i>Fund Balance, End of Year</i>	\$35,986

See accompanying notes to the basic financial statements

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

**Statement of Net Assets - Cash Basis
For the Year Ended November 30, 2003**

	<u>Governmental Activities</u>
Assets	
Cash Equivalents	<u>\$47,797</u>
<i>Total Assets</i>	<u>47,797</u>
Net Assets	
Unrestricted	<u>47,797</u>
<i>Total Net Assets</i>	<u><u>\$47,797</u></u>

See accompanying notes to the basic financial statements

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

**Statement of Activities - Cash Basis
For the Year Ended November 30, 2003**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Educational Activities:				
Wages and Benefits	\$60,010	44,342	5,552	(\$10,116)
Utilities	8,074	5,966	747	(1,361)
Professional Services	78,993	58,369	7,307	(13,317)
Equipment and Grounds Maintenance	27,953	20,655	2,586	(4,712)
Senior Fair	10,808	7,986	1,800	(1,022)
Junior Fair	8,952	6,615	5,537	3,200
Capital Outlay	13,143	9,712	1,216	(2,215)
Other Operating Disbursements	28,299	20,910	2,618	(4,771)
Debt Service	13			(13)
<i>Total Governmental Activities</i>	<u>\$236,245</u>	<u>\$174,555</u>	<u>\$27,363</u>	<u>(34,327)</u>
General Receipts				
State Support - Unrestricted				3,332
County Support - Unrestricted				12,500
Investment Income				<u>563</u>
<i>Total General Receipts</i>				<u>16,395</u>
Change in Net Assets				(17,932)
<i>Net Assets Beginning of Year</i>				<u>65,729</u>
<i>Net Assets End of Year</i>				<u>\$47,797</u>

See accompanying notes to the basic financial statements

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

**Statement of Cash Basis Assets and Cash Basis Fund Balance
Governmental Fund
For the Year Ended November 30, 2003**

	<u>Operating Fund</u>
Assets	
Cash Equivalents	<u>\$47,797</u>
<i>Total Assets</i>	<u><u>\$47,797</u></u>
Fund Balance	
Unreserved, Undesignated	<u>\$47,797</u>
<i>Total Fund Balance</i>	<u>47,797</u>
<i>Total Fund Balance</i>	<u><u>\$47,797</u></u>

See accompanying notes to the basic financial statements

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

**Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance
Governmental Fund
For the Year Ended November 30, 2003**

	Operating Fund
Operating Cash Receipts:	
Admissions	\$123,261
Privilege Fees	23,780
Rentals	12,620
Other Operating Receipts	14,894
<i>Total Operating Cash Receipts</i>	174,555
Operating Cash Disbursements:	
Educational Activities:	
Wages and Benefits	60,010
Utilities	8,074
Professional Services	78,993
Equipment and Grounds Maintenance	27,953
Senior Fair	10,808
Junior Fair	8,952
Capital Outlay	13,143
Other Operating Disbursements	28,299
<i>Total Operating Cash Disbursements</i>	236,232
<i>(Deficiency) of Operating Cash Receipts</i>	
<i>(Under) Operating Cash Disbursements</i>	(61,677)
Non-Operating Cash Receipts (Disbursements):	
State Support	7,541
County Support	13,800
Donations/ Contributions	21,854
Investment Income	563
Debt Service	(13)
Net Non-Operating Cash Receipts (Disbursements)	43,745
<i>(Deficiency) of Cash Receipts (Under) Cash Disbursements</i>	(17,932)
<i>Fund Balance, Beginning of Year</i>	65,729
<i>Fund Balance, End of Year</i>	\$47,797

See accompanying notes to the basic financial statements

Belmont County Agricultural Society
Notes to the Basic Financial Statements
For the Years Ended November 30, 2004 and 2003

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Belmont County Agricultural Society, Belmont County (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 April 2, 1849, to operate an annual agricultural fair. The Society sponsors the week-long Belmont County Fair during September. Belmont County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 21 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Belmont 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 and other year round activities at the fairgrounds including facility rental, track and stall rental, and various community events. The reporting entity does not include any other activities or entities of Belmont County, Ohio.

Notes 9 and 10, respectively, summarize the Junior Fair Board's and the Junior Livestock Sale Committee's financial activity.

The Society's management believes these basic financial statements present all activities for which the Society is financially accountable.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Society's accounting policies.

A. Basis of Presentation

The Society's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Society as a whole. These statements include the financial activities of the Society. Governmental activities generally are financed through intergovernmental revenues or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Society at year end. The statement of activities compares disbursements and program cash receipts for each program or function of the Society's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Society is responsible. The Society only has one function, Educational Activities, with associated objects. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Belmont County Agricultural Society
Notes to the Basic Financial Statements
For the Years Ended November 30, 2004 and 2003
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Receipts which are not classified as program cash receipts are presented as general receipts of the Society, with certain limited exceptions. The comparison of direct disbursements with program cash receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Society.

Fund Financial Statements

Fund financial statements are designed to present financial information of the Society at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The Society has one and only one fund.

B. Fund Accounting

The Society uses a general operating fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the Society is presented as governmental. The general operating fund accounts for all financial resources of the Society.

C. Basis of Accounting

The Society's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Society's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less. The Society values investments and cash equivalents at cost.

E. Inventory and Prepaid Items

The Society reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

F. Capital Assets

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

G. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

Belmont County Agricultural Society
Notes to the Basic Financial Statements
For the Years Ended November 30, 2004 and 2003
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

H. 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 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.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for miscellaneous purposes primarily include activities involving the Society's State and County support for Senior and Junior Fairs. The Society's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Note 3 – Change in Format

The Society has adopted a new financial statement format prescribed by GASB Statement No. 34 and the related disclosures.

Note 4 - Deposits and Investments

Ohio law restricts deposits and investments to the following:

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAROhio);

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the Society. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Belmont County Agricultural Society
Notes to the Basic Financial Statements
For the Years Ended November 30, 2004 and 2003
(Continued)

Note 4 - Deposits and Investments (Continued)

The carrying amount of cash at November 30, 2004 and 2003 follows:

	2004	2003
Demand deposits	\$34,538	\$46,363
Certificates of deposit	1,448	1,434
Total deposits	\$35,986	\$47,797

Deposits: The Society's deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Risk Management

Risk Pool Membership

The Society belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003.

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	<u>(16,989,918)</u>	<u>(12,872,985)</u>
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

Belmont County Agricultural Society
Notes to the Basic Financial Statements
For the Years Ended November 30, 2004 and 2003
(Continued)

Note 5 – Risk Management (Continued)

Financial Position (Continued)

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

Note 6 - Debt

Debt outstanding at November 30, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	\$200,000	3.85%
Total	<u>\$200,000</u>	

The \$200,000 Promissory Note bears an interest rate of 3.85 percent and is due to the Progressive Bank, NA. The note was entered into on January 16, 2004 and matures January 20, 2006. This note will be paid by the Society in one principal payment of \$200,000 plus interest on the maturity date. In addition, the Society pays annual accrued interest payments of \$7,700. Proceeds of the note were used to purchase land and are collateralized by the land.

Note 7 – Retirement System

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2004 employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2004.

Note 8 - Contingent Liabilities

The Society is not a defendant in any lawsuits.

Note 9 – Junior Fair Board

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Belmont County Fair. In 2004 and 2003, the Society disbursed \$8,501 and \$8,952, respectively, directly to vendors to support Junior Fair activities. These expenses are reflected as disbursements in the accompanying financial statements as Junior Fair Disbursements. In 2004 and 2003, Belmont County paid the Society \$500 to support of Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2004 and 2003 are as follows:

	<u>2004</u>	<u>2003</u>
Beginning Cash Balance	\$ 455	\$ 7
Receipts	6,287	6,842
Disbursements	(6,276)	(6,394)
Ending Cash Balance	<u>\$ 466</u>	<u>\$ 455</u>

Belmont County Agricultural Society
Notes to the Basic Financial Statements
For the Years Ended November 30, 2004 and 2003
(Continued)

Note 10 – Junior Livestock Sale Committee

The Junior Livestock Sale 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 Belmont County's auction. A commission of 5 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Sale Committee's activities. The Junior Livestock Sale Committee's financial activity for the years ended November 30, 2004 and 2003 are as follows:

	2004	2003
Beginning Cash Balance	\$ 16,395	\$ 18,191
Receipts	140,204	147,772
Disbursements	(135,085)	(149,568)
Ending Cash Balance	\$ 21,514	\$ 16,395



Auditor of State Betty Montgomery

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

Belmont County Agricultural Society
Belmont County
51162 East Captina Highway
Jacobsburg, Ohio 43933

To the Board of Directors:

We have audited the financial statements of the governmental activities and the major fund of the Belmont County Agricultural Society, Belmont County, Ohio (the Society), as of and for the years ended November 30, 2004 and 2003, which collectively comprise the Society's basic financial statements and have issued our report thereon dated December 9, 2005, wherein we noted the Society revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. 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 to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Society's management dated December 9, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Society's basic 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*. In a separate letter to the Society's management dated December 9, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Belmont County Agricultural Society
Belmont County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of management and the Board of Directors. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 9, 2005



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

AGRICULTURAL SOCIETY

BELMONT 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
FEBRUARY 9, 2006**