



Mary Taylor, CPA
Auditor of State

**JEFFERSON COUNTY AGRICULTURAL SOCIETY
JEFFERSON COUNTY**

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Mary Taylor, CPA Auditor of State

Jefferson County Agricultural Society
Jefferson County
153 Starkey Boulevard
Wintersville, Ohio 43953

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 a February 2, 2005 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 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.

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Mary Taylor, CPA
Auditor of State

July 11, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Jefferson County Agricultural Society
Jefferson County
153 Starkey Boulevard
Wintersville, Ohio 43953

To the Board of Directors:

We have audited the accompanying financial statements of Jefferson County Agricultural Society, Jefferson County, (the Society) as of and for the years ended November 30, 2006 and 2005. 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.

Revisions to GAAP would require the Society to reformat its financial statement presentation and make other changes effective for the years ended November 30, 2004 and 2005. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Society has elected not to reformat its statements. Since the Society does not use GAAP to measure financial statement amounts, 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, 2006 and 2005 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, 2006 and 2005 for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Jefferson County Agricultural Society, Jefferson County, as of November 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Society to include Management's Discussion and Analysis for the years ended November 30, 2006 and 2005. 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 July 11, 2007, 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

July 11, 2007

**JEFFERSON COUNTY AGRICULTURAL SOCIETY
JEFFERSON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2006 AND 2005**

	2006	2005
Operating Receipts:		
Admissions	\$156,969	\$137,863
Privilege Fees	32,338	32,083
Rentals	15,809	14,633
Other Operating Receipts	21,941	20,675
Total Operating Receipts	227,057	205,254
Operating Disbursements:		
Wages and Benefits	14,727	16,101
Utilities	7,446	5,596
Professional Services	98,837	96,337
Equipment and Grounds Maintenance	94,539	62,748
Senior Fair	30,129	25,655
Junior Fair	14,054	12,546
Capital Outlay	10,817	10,817
Other Operating Disbursements	31,184	28,784
Total Operating Disbursements	290,916	258,584
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(63,859)	(53,330)
Non-Operating Receipts (Disbursements):		
State Support	6,450	6,740
County Support	22,800	24,800
Donations/Contributions	40,674	9,763
Investment Income	111	60
Net Non-Operating Receipts (Disbursements)	70,035	41,363
Excess (Deficiency) of Receipts Over (Under) Disbursements	6,176	(11,967)
Cash Balance, Beginning of Year	33,094	45,061
Cash Balance, End of Year	\$39,270	\$33,094

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

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**JEFFERSON COUNTY AGRICULTURAL SOCIETY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2006 AND 2005**

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 Jefferson County Agricultural Society, Jefferson 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 in 1871 to operate an annual agricultural fair. The Society sponsors the week-long Jefferson County Fair during August. Jefferson 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 Jefferson 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 and other year round activities at the fairgrounds including facility rental, stall rental, and community events including horse shows. The reporting entity does not include any other activities or entities of Jefferson County, Ohio.

Notes 6 and 7, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and disbursements when paid rather than when a liability is incurred.

This statements include adequate disclosure of material matters, as the Auditor of State prescribe or permits.

C. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form during the first six months of each fiscal year.

D. Property, Plant, and Equipment

The Society's accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these items as assets.

**JEFFERSON COUNTY AGRICULTURAL SOCIETY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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. BUDGETARY ACTIVITY

For the year ended November 30, 2005, the Society had budgeted receipts of \$234,850, actual receipts of \$246,617, resulting in a variance of \$11,767. Additionally, the Society had budgeted disbursements of \$229,620, actual disbursements of \$258,585, resulting in a variance of \$(28,965).

For the year ended November 30, 2006, the Society had budgeted receipts of \$260,350, actual receipts of \$297,092, resulting in a variance of \$36,742. Additionally, the Society had budgeted disbursements of \$259,630, actual disbursements of \$290,915, resulting in a variance of \$(31,285).

3. CASH

The carrying amount of cash at November 30, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	<u>\$39,270</u>	<u>\$33,094</u>

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance.

4. SOCIAL BENEFIT PLAN

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2006 and 2005, employees contribute 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of the gross salaries through November 30, 2006 and 2005.

5. RISK MANAGEMENT

The Jefferson County Commissioners provide general insurance coverage for all the buildings on the Jefferson 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 \$40,000. The Society's general manager is bonded with coverage of \$10,000.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through August 2007.

**JEFFERSON COUNTY AGRICULTURAL SOCIETY
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2006 AND 2005
(Continued)**

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H and FFA organization representatives, is responsible for the Junior Fair Division activities of the Jefferson County Fair. The Junior Fair Board activity is accounted for within the accounting records of the Jefferson County Agricultural Society and is reflected in the accompanying financial statements. The Society subsidizes the Junior Fair Division to the extent necessary each year.

7. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Jefferson County's auction. A commission of 2 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$ 5,719	\$ 4,637
Receipts	6,196	4,551
Disbursements	<u>(4,960)</u>	<u>(3,469)</u>
Ending Cash Balance	<u>\$ 6,955</u>	<u>\$ 5,719</u>

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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*

Jefferson County Agricultural Society
Jefferson County
153 Starkey Boulevard
Wintersville, Ohio 43953

To the Board of Directors:

We have audited the financial statements of the Jefferson County Agricultural Society (the Society) as of and for the years ended November 30, 2006 and 2005, and have issued our report thereon dated July 11, 2007, wherein we noted the Society follows 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 to determine our auditing procedures to express our opinion on the 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 July 11, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

Jefferson County Agricultural Society
Jefferson County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management and the Board of Directors. It is not intended for anyone other than these specified parties.

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Mary Taylor, CPA
Auditor of State

July 11, 2007



Mary Taylor, CPA
Auditor of State

AGRICULTURAL SOCIETY

JEFFERSON 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
SEPTEMBER 11, 2007**