



**Auditor of State
Betty Montgomery**

**NOBLE COUNTY AGRICULTURAL SOCIETY
NOBLE COUNTY**

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**Auditor of State
Betty Montgomery**

Noble County Agricultural Society
Noble County
42440 Rich Valley Drive
Caldwell, Ohio 43724

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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 17, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Noble County Agricultural Society
Noble County
42440 Rich Valley Drive
Caldwell, Ohio 43724

To the Board of Directors:

We have audited the accompanying financial statements of the Noble County Agricultural Society, Noble County, Ohio (the Society), as of and for the years ended November 30, 2005 and 2004. 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, 2005 and 2004. 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, 2005 and 2004 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, 2005 and 2004, or its changes in financial position for the years then ended.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Noble County Agricultural Society, Noble County, as of November 30, 2005 and 2004, 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, 2005 and 2004. 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 17, 2006, 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.



Betty Montgomery
Auditor of State

July 17, 2006

**NOBLE COUNTY AGRICULTURAL SOCIETY
NOBLE COUNTY**

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

	2005
Operating Receipts:	
Taxes	\$349
Admissions	70,839
Privilege Fees	16,080
Rentals	27,583
Sustaining and Entry Fees	37,494
Other Operating Receipts	1,260
Total Operating Receipts	153,605
Operating Disbursements:	
Wages and Benefits	12,041
Utilities	12,749
Professional Services	56,227
Equipment and Grounds Maintenance	12,711
Race Purse	43,331
Senior Fair	4,254
Junior Fair	11,351
Contests	11,070
Supplies	13,482
Capital Outlay	14,337
Administrative	2,025
Other Operating Disbursements	24,320
Total Operating Disbursements	217,898
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(64,293)
Non-Operating Receipts (Disbursements):	
State Support	32,044
County Support	2,800
Donations/Contributions	30,379
Investment Income	1,125
Debt Service	(12,008)
Net Non-Operating Receipts (Disbursements)	54,340
Excess (Deficiency) of Receipts Over (Under) Disbursements	(9,953)
Cash Balance, Beginning of Year	67,732
Cash Balance, End of Year	\$57,779

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

**NOBLE COUNTY AGRICULTURAL SOCIETY
NOBLE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED NOVEMBER 30, 2004**

	2004
Operating Receipts:	
Taxes	\$548
Admissions	88,126
Privilege Fees	15,102
Rentals	32,378
Sustaining and Entry Fees	49,864
Parimutuel Wagering Commission	443
Other Operating Receipts	1,128
 Total Operating Receipts	 187,589
Operating Disbursements:	
Wages and Benefits	11,650
Utilities	13,393
Professional Services	44,607
Equipment and Grounds Maintenance	14,916
Race Purse	60,100
Senior Fair	4,615
Junior Fair	11,673
Contests	8,997
Supplies	11,283
Capital Outlay	41,527
Administrative	1,719
Other Operating Disbursements	21,515
 Total Operating Disbursements	 245,995
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(58,406)
Non-Operating Receipts (Disbursements):	
State Support	33,982
County Support	2,800
Sale of Assets	51,600
Donations/Contributions	71,300
Investment Income	333
Debt Service	(48,734)
 Net Non-Operating Receipts (Disbursements)	 111,281
Excess (Deficiency) of Receipts Over (Under) Disbursements	52,875
Cash Balance, Beginning of Year	14,857
Cash Balance, End of Year	\$67,732

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

**NOBLE COUNTY AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2005 AND 2004**

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 Noble County Agricultural Society, Noble 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 1952 to operate an annual agricultural fair. The Society sponsors the week-long Noble County Fair during August. During the fair, harness races are held. Noble County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Noble 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 harness racing during fair week. Other year round activities at the fairgrounds including facility rental, track and stall rental, and community events. The reporting entity does not include any other activities or entities of Noble County, Ohio.

Notes 7 and 8, 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.

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

C. Cash and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts.

D. 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. The Board reviews the budget throughout the year and compares it with actual results.

E. 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 (Connts do not include these items as assets.

**NOBLE COUNTY AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2005 AND 2004
(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.

G. Race Purse

The Harness Program stake races are held during the Noble County Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and US Trotting Association pay fees to the Society to qualify horses for entry into stake races. They must make payment before a horse can participate in a stake race. The accompanying financial statements report these fees as Sustaining and Entry Fees.

Ohio Fairs Fund

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

H. Pari-mutuel Wagering

A wagering system totals the amounts wagered and adjusts the payoff to reflect the relative amount bet on different horses and various odds. The total amount bet (also known as the "handle"), less commission, is paid to bettors in accordance with the payoffs, as the pari-mutuel wagering system determines. The Society contracts with a totalizer service to collect bets and provide the pari-mutuel wagering system.

Pari-mutuel wagering commission (the commission) is the Society's share of total pari-mutuel wagers after payment of amounts to winning bettors. The commission is determined by applying a statutory percentage to the total amount bet and is reflected in the accompanying financial statements as Pari-mutuel Wagering Commission. See Note 3 for additional information.

2. CASH AND INVESTMENTS

The carrying amount of cash and investments at November 30, 2005 and 2004 follows:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$34,852	\$45,497
Certificates of deposit	<u>22,927</u>	<u>22,235</u>
Total deposits	<u>\$57,779</u>	<u>\$67,732</u>

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

**NOBLE COUNTY AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2005 AND 2004
(Continued)**

3. HORSE RACING

State Support Portion of Purse

The financial statements report Ohio Fairs Fund money, received to supplement purse for the year ended November 30, 2005 and 2004 was \$24,304 and \$25,848, as State Support.

Pari-mutuel Wagering

The Society conducted pari-mutuel wagering during the 2004 Noble County Fair, however, the Society's commission from these activities was insignificant.

4. DEBT

Debt outstanding at November 30, 2005 was as follows:

	Principal	Interest Rate
Schafer Hall	\$66,882	6.125%
Total	\$66,882	

The Schafer Hall note is due to the Community Savings and Loan. The note was entered into on February 1, 1994 and matures February 1, 2014. Proceeds of the note were used for the construction of a new fair office, Schafer Hall. The building is pledged as collateral.

The Society paid off the McDonald House Note, due to the Farmers and Merchants Bank, from the proceeds of the sale of the McDonald house on October 19, 2004.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending	Schafer Hall
<u>November 30:</u>	
2006	\$11,084
2007	11,084
2008	11,084
2009	11,084
2010	11,084
2011-2014	30,333
Total	\$85,753

5. SOCIAL SECURITY

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2005 and 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, 2005.

**NOBLE COUNTY AGRICULTURAL SOCIETY
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2005 AND 2004
(Continued)**

6. RISK MANAGEMENT

The Noble County Commissioners provide general insurance coverage for all the buildings on the Noble County Fairgrounds pursuant to Ohio Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$1,000,000. The Society's Secretary and Treasurer are bonded with coverage of \$10,000 each.

The Society provides workers compensation coverage on all employees through the State of Ohio workers compensation fund. Coverage is currently in effect through December 31, 2005.

7. 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 Noble County Fair. The Society disbursed \$11,351 in 2005 and \$11,673 in 2004 directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursement. The Society was reimbursed \$500 each year in 2005 and 2004 by Noble County for its 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 year ended November 30, 2005 and 2004 follows:

	2005	2004
Beginning Cash Balance	\$ 3,266	\$ 2,926
Receipts	9,019	8,954
Disbursements	<u>(10,415)</u>	<u>(8,615)</u>
Ending Cash Balance	<u>\$ 1,870</u>	<u>\$ 3,266</u>

8. 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 Noble County's auction. A commission of three percent per head 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 year ended November 30, 2005 and 2004 follows:

	2005	2004
Beginning Cash Balance	\$ 5,199	\$ 6,286
Receipts	9,315	5,995
Disbursements	<u>(10,241)</u>	<u>(7,082)</u>
Ending Cash Balance	<u>\$ 4,273</u>	<u>\$ 5,199</u>



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*

Noble County Agricultural Society
Noble County
42440 Rich Valley Drive
Caldwell, Ohio 43724

To the Board of Directors:

We have audited the financial statements of the Noble County Agricultural Society, Noble County, Ohio (the Society), as of and for the years ended November 30, 2005 and 2004, and have issued our report thereon dated July 17, 2006, 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 in order 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 17, 2006, 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*. In a separate letter to the Society's management dated July 17, 2006, we reported other matters related to noncompliance we deemed immaterial.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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

We intend this report solely for the information and use of the audit committee, 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

July 17, 2006

**NOBLE COUNTY AGRICULTURAL SOCIETY
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
NOVEMBER 30, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Vouchered Disbursements	Yes	
2003-002	Ticket Accountability	Yes	



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

AGRICULTURAL SOCIETY

NOBLE 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
AUGUST 29, 2006**