



Mary Taylor, CPA
Auditor of State

**AGRICULTURAL SOCIETY
BELMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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 Agricultural Society, Belmont County, Ohio (the Society), as of and for the years ended November 30, 2006 and 2005, 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 Agricultural Society, Belmont County, Ohio, as of November 30, 2006 and 2005, and the respective changes in cash financial position thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 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.

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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 4, 2007

Agricultural Society
Belmont County, Ohio
Management's Discussion and Analysis
For the Years Ended November 30, 2006 and 2005
Unaudited

This 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, 2006 and 2005, within the limitations of the Society's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Society's financial performance.

Highlights

Key highlights for the year 2006 are as follows:

- Net assets of governmental activities increased \$811,921, a significant change from the prior year. This increase was due to the \$1 million received by the Society from the City of St. Clairsville for the sale of the fairgrounds property.
- The Society's general receipts accounted for \$1,078,495, or 84.5% of total receipts. 92.7% of the total general receipts were primarily comprised of the \$1 million received by the Society from the City of St. Clairsville for the sale of the fairgrounds property.
- The Society had \$463,752 in disbursements related to governmental activities; only \$197,178 of these disbursements were offset by program specific charges for services and sales, and operating grants and contributions. General receipts of \$1,078,495 were adequate to provide for these programs.
- The Society's major fund had \$1,275,673 in receipts and \$463,752 in disbursements. The cash fund balance increased by \$811,921.

Key highlights for the year 2005 are as follows:

- Net assets of governmental activities increased \$1,564.
- The Society's general receipts accounted for \$56,557, or 22.5% of total receipts. Unrestricted State and County Support and unrestricted donations and contributions accounted for 5%, 75% and 20%, respectively, of the general receipts for governmental activities.
- The Society had \$250,360 in disbursements related to governmental activities; \$195,367 of these disbursements was offset by program specific charges for services and sales, and operating grants and contributions. General receipts of \$56,557 were adequate to provide for these programs.
- The Society's major fund had \$251,924 in receipts and \$250,360 in disbursements. The cash fund balance increased by \$1,564.

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.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Society as a whole.

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Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Society as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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 2006 and 2005, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balance of the governmental activities of the Society at year end. The statement of activities 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 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 non-financial factors as well such as 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 and the statement of activities, the Society presents a single type of activity, governmental activities. All of the Society's programs and basic services are reported here. 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.

Agricultural Society
Belmont County, Ohio
 Management's Discussion and Analysis
 For the Years Ended November 30, 2006 and 2005
 Unaudited

Reporting the Society's Fund Financial Statement

The fund financial statement provides detailed information about the Society – not the Society as a whole. The Operating Fund of the Society is governmental.

The Society's activities are reported in the governmental fund. The governmental fund financial statement provides a detailed view of the Society's governmental activities and the services they provide. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Society's governmental activities. The Society's only major fund is the Operating Fund.

The Society as a Whole

Table 1 provides a summary of the Society's net assets for 2006 compared to 2005 and 2005 compared to 2004 on a cash basis:

(Table 1)

Net Assets - Cash Basis

	Governmental Activities		
	2006	2005	2004
Assets			
Cash Equivalents	\$849,471	\$37,550	\$35,986
Total Assets	\$849,471	\$37,550	\$35,986
Net Assets			
Unrestricted	\$849,471	\$37,550	\$35,986
Total Net Assets	\$849,471	\$37,550	\$35,986

As mentioned previously, net assets of governmental activities increased \$811,921 from 2006 to 2005 and increased \$1,564 from 2005 to 2004. The primary reasons for the increase in 2006 were the following:

- The Society sold the fairgrounds to the City of St. Clairsville for \$1 million. The promissory note for \$200,000 from Progressive Bank to purchase the new fairgrounds property, plus interest, was paid off.
- The Society signed a contract with D&S Logs & Lumber to timber the new fairgrounds site and in return, received a lump sum of \$30,000.

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Table 2 reflects the changes in net assets on a cash basis in 2006 compared to 2005 and 2005 compared to 2004 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2006	2005	2004
Receipts:			
Program Cash Receipts			
Charges for Services and Sales	\$185,783	\$183,173	\$156,698
Operating Grants and Contributions	11,395	12,194	24,274
Total Program Cash Receipts	<u>197,178</u>	<u>195,367</u>	<u>180,972</u>
General Receipts:			
State Support - Unrestricted	2,605	2,888	3,056
County Support - Unrestricted	17,600	42,500	12,500
Donations & Contributions - Unrestricted	8,116	11,036	0
Note Proceeds	0	0	200,000
Investment Income	20,074	133	134
Sale of Assets	1,030,100	0	0
Total General Receipts	<u>1,078,495</u>	<u>56,557</u>	<u>215,690</u>
Total Receipts	<u>1,275,673</u>	<u>251,924</u>	<u>396,662</u>
Disbursements:			
Recreational Activities:			
Wages and Benefits	38,067	33,263	52,678
Utilities	9,896	8,491	8,367
Professional Services	111,040	107,029	62,615
Equipment and Grounds	42,048	41,931	28,019
Senior Fair	8,895	7,870	11,092
Junior Fair	6,294	9,083	8,501
Capital Outlay	7,651	4,152	201,495
Debt Service	202,060	7,700	7,700
Other Operating Disbursements	37,801	30,841	28,006
Total Disbursements	<u>463,752</u>	<u>250,360</u>	<u>408,473</u>
Change in Net Assets	811,921	1,564	(11,811)
Net Assets Beginning of Year	<u>37,550</u>	<u>35,986</u>	<u>47,797</u>
Net Assets End of Year	<u><u>\$849,471</u></u>	<u><u>\$37,550</u></u>	<u><u>\$35,986</u></u>

Program cash receipts represent 15.5%, 77.5%, and 45.6% of Society's total receipts in 2006, 2005, and 2004, respectively, and are primarily comprised of admissions, privilege fees, rental income, restricted state and county support, donations and contributions, and other operating receipts.

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General receipts represent 84.5%, 22.5%, and 54.4% of the Society's total receipts in 2006, 2005, and 2004, respectively. In 2006, 95.5% of the total general receipts were primarily comprised of the \$1 million received from the City of St. Clairsville for the sale of the fairgrounds and \$30,000 received from D&S Logs & Lumber for timber from the new fairgrounds.

Disbursements for governmental activities represent the overhead costs of running the Society. These include wages and benefits, utilities, professional services, equipment and grounds, senior fair, junior fair, capital outlay, debt service, and other operating disbursements.

In 2006, the increase of the debt service disbursement was the result of paying off the promissory note for \$200,000, plus interest, from Progressive Bank, which was obtained during 2004 to purchase the new fairgrounds property in St. Clairsville.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 14, 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 professional services and debt service, which account for 24 and 43.6 percent of all 2006 governmental disbursements, respectively. The major program disbursements for governmental activities are for professional services, wages and benefits, and other operating disbursements, which account for 42.8, 13.3 and 12.3 percent 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 grants received by the Society that must be used to provide a specific service. The net (Disbursements) Receipts and Changes in Net Assets column compare 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 local taxpayers. 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.

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2006	2006	2005	2005	2004	2004
Recreational Activities						
Wages and Benefits	\$38,067	\$9,291	\$33,263	\$6,735	\$52,678	\$6,606
Utilities	9,896	2,416	8,491	1,719	8,367	1,050
Professional Services	111,040	27,103	107,029	21,670	62,615	7,853
Equipment and Grounds	42,048	10,264	41,931	8,491	28,019	3,514
Senior Fair	8,895	1,371	7,870	794	11,092	591
Junior Fair	6,294	(2,809)	9,083	(2,512)	8,501	(3,512)
Capital Outlay	7,651	7,651	4,152	4,152	201,495	200,187
Other Operating Disbursements	37,801	9,227	30,841	6,244	28,006	3,512
Debt Service	202,060	202,060	7,700	7,700	7,700	7,700
Total Expenses	<u>\$463,752</u>	<u>\$266,574</u>	<u>\$250,360</u>	<u>\$54,993</u>	<u>\$408,473</u>	<u>\$227,501</u>

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Management's Discussion and Analysis
For the Years Ended November 30, 2006 and 2005
Unaudited

Charges for services and sales, and operating grants and contributions of \$197,178, \$195,367, and \$180,972, which consist of 42.5%, 78%, and 44.3% of the total costs of services, in 2006, 2005, and 2004, respectively, are received and used to fund the expenses of the Society.

In 2006, the remaining \$266,574 in governmental activities is fully covered by remaining general receipts, including unrestricted state and county support, unrestricted donations and contributions, investment income and sale of assets. In 2005, the remaining \$54,993 in governmental activities is fully covered by remaining general receipts, including unrestricted state and county support and unrestricted donations and contributions.

The Society's Fund

The Society's governmental fund had total receipts of \$1,275,673, \$251,924, and \$396,662 and disbursements of \$463,752, \$250,360, and \$408,473, for 2006, 2005, and 2004, respectively. The fund balance increased \$811,921 in 2006 as a result of the Society selling the fairgrounds to the City of St. Clairsville for \$1 million, receiving \$30,000 from D&S Logs and Lumber for timbering the new fairgrounds and paying off the \$200,000 promissory note, plus interest, from Progressive Bank to purchase the new fairgrounds property in St. Clairsville during 2004. The fund balance increased \$1,564 in 2005.

Capital Assets and Debt Administration

Capital Assets

The Society does not currently keep track of its capital assets and infrastructure.

Debt

At November 30, 2006, the Society had no outstanding debt. The Society's \$200,000 promissory note, plus interest, was paid off in 2006. At November 30, 2005, the Society's outstanding debt included a \$200,000 promissory note issued for the purchase of property for the Belmont County fair. For further information regarding the Society's debt, refer to Note 5 to the basic financial statements.

Current Issues

The Belmont County Agricultural Society is currently moving dirt at the site of the new fairgrounds in order to prepare for construction staking.

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 monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marvelyn Saffell, Treasurer, Agricultural Society, 51162 East Captina Highway, Jacobsburg, Ohio 43933.

**AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

*Statement of Net Assets - Cash Basis
November 30, 2006*

	Governmental Activities
Assets	
Cash Equivalents	<u>\$849,471</u>
<i>Total Assets</i>	<u><u>\$849,471</u></u>
Net Assets	
Unrestricted	<u>\$849,471</u>
<i>Total Net Assets</i>	<u><u>\$849,471</u></u>

See accompanying notes to the basic financial statements

**AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

*Statement of Activities - Cash Basis
For the Year Ended November 30, 2006*

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Educational Activities:				
Wages and Benefits	\$38,067	\$27,839	\$937	(\$9,291)
Utilities	9,896	7,237	243	(2,416)
Professional Services	111,040	81,205	2,732	(27,103)
Equipment and Grounds	42,048	30,750	1,034	(10,264)
Senior Fair	8,895	6,505	1,019	(1,371)
Junior Fair	6,294	4,603	4,500	2,809
Capital Outlay	7,651			(7,651)
Other Operating Disbursements	37,801	27,644	930	(9,227)
Debt Service	\$202,060			(202,060)
<i>Total Governmental Activities</i>	<u>\$463,752</u>	<u>\$185,783</u>	<u>\$11,395</u>	<u>(\$266,574)</u>
		General Receipts		
		State Support - Unrestricted		2,605
		County Support - Unrestricted		17,600
		Donations and Contributions - Unrestricted		8,116
		Investment Income		20,074
		Sale of Assets		1,030,100
		<i>Total General Receipts</i>		<u>1,078,495</u>
		Change in Net Assets		811,921
		<i>Net Assets Beginning of Year</i>		<u>37,550</u>
		<i>Net Assets End of Year</i>		<u>\$849,471</u>

See accompanying notes to the basic financial statements

**AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

*Statement of Cash Basis Assets and Cash Basis Fund Balance
Governmental Fund
For the Year Ended November 30, 2006*

	<u>Operating Fund</u>
Assets:	
Cash Equivalents	\$849,471
<i>Total Assets</i>	<u><u>\$849,471</u></u>
Fund Balance:	
Unreserved, undesignated	\$849,471
<i>Total Fund Balance</i>	<u><u>\$849,471</u></u>

See accompanying notes to the basic financial statements

**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, 2006*

	<u>Operating Fund</u>
Operating Cash Receipts	
Admissions	\$144,117
Privilege Fees	27,905
Rentals	4,103
Other Operating Receipts	9,658
<i>Total Operating Cash Receipts</i>	<u>185,783</u>
Disbursements	
Educational Activities:	
Wages and Benefits	38,067
Utilities	9,896
Professional Services	111,040
Equipment and Grounds	42,048
Senior Fair	8,895
Junior Fair	6,294
Capital Outlay	7,651
Other Operating Disbursements	37,801
<i>Total Disbursements</i>	<u>261,692</u>
<i>(Deficiency) of Operating Cash Receipts (Under) Operating Cash Disbursements</i>	<u>(75,909)</u>
Non-Operating Cash Receipts (Disbursements)	
Restricted Support:	
State Support	3,845
County Support	1,300
Donation/ Contribution	6,250
Unrestricted Support:	
State Support	2,605
County Support	17,600
Donation/ Contribution	8,116
Investment Income	20,074
Sale of Assets	1,030,100
Debt Service	(202,060)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>887,830</u>
<i>Net Change in Fund Balance</i>	811,921
<i>Fund Balance Beginning of Year</i>	<u>37,550</u>
<i>Fund Balance End of Year</i>	<u>\$849,471</u>

See accompanying notes to the basic financial statements

**AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

*Statement of Net Assets - Cash Basis
November 30, 2005*

	Governmental Activities
Assets	
Cash Equivalents	<u>\$37,550</u>
<i>Total Assets</i>	<u><u>\$37,550</u></u>
Net Assets	
Unrestricted	<u>\$37,550</u>
<i>Total Net Assets</i>	<u><u>\$37,550</u></u>

See accompanying notes to the basic financial statements

**AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

*Statement of Activities - Cash Basis
For the Year Ended November 30, 2005*

	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	\$33,263	\$25,546	\$982	(\$6,735)
Utilities	8,491	6,521	251	(1,719)
Professional Services	107,029	82,199	3,160	(21,670)
Equipment and Grounds	41,931	32,202	1,238	(8,491)
Senior Fair	7,870	6,044	1,032	(794)
Junior Fair	9,083	6,975	4,620	2,512
Capital Outlay	4,152			(4,152)
Other Operating Disbursements	30,841	23,686	911	(6,244)
Debt Service	7,700			(7,700)
<i>Total Governmental Activities</i>	<u>\$250,360</u>	<u>\$183,173</u>	<u>\$12,194</u>	<u>(\$54,993)</u>
		General Receipts		
		State Support - Unrestricted		2,888
		County Support - Unrestricted		42,500
		Donations and Contributions - Unrestricted		11,036
		Investment Income		133
		<i>Total General Receipts</i>		56,557
		Change in Net Assets		1,564
		<i>Net Assets Beginning of Year</i>		35,986
		<i>Net Assets End of Year</i>		<u>\$37,550</u>

See accompanying notes to the basic financial statements

**AGRICULTURAL SOCIETY
BELMONT COUNTY, OHIO**

*Statement of Cash Basis Assets and Cash Basis Fund Balance
Governmental Fund
November 30, 2005*

	<u>Operating Fund</u>
Assets:	
Cash Equivalents	<u>\$37,550</u>
<i>Total Assets</i>	<u><u>\$37,550</u></u>
Fund Balance:	
Unreserved, undesignated	<u>\$37,550</u>
<i>Total Fund Balance</i>	<u><u>\$37,550</u></u>

See accompanying notes to the basic financial statements

**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, 2005*

	<u>Operating Fund</u>
Operating Cash Receipts	
Admissions	\$131,935
Privilege Fees	25,305
Rentals	14,875
Other Operating Receipts	11,058
<i>Total Operating Cash Receipts</i>	<u>183,173</u>
Disbursements	
Educational Activities:	
Wages and Benefits	33,263
Utilities	8,491
Professional Services	107,029
Equipment and Grounds	41,931
Senior Fair	7,870
Junior Fair	9,083
Capital Outlay	4,152
Other Operating Disbursements	30,841
<i>Total Disbursements</i>	<u>242,660</u>
<i>(Deficiency) of Operating Cash Receipts (Under) Operating Cash Disbursements</i>	<u>(59,487)</u>
Non-Operating Cash Receipts (Disbursements)	
Restricted Support:	
State Support	3,852
County Support	1,300
Donation/ Contribution	7,042
Unrestricted Support:	
State Support	2,888
County Support	42,500
Donation/ Contribution	11,036
Investment Income	133
Debt Service	(7,700)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>61,051</u>
<i>Net Change in Fund Balance</i>	1,564
<i>Fund Balance Beginning of Year</i>	<u>35,986</u>
<i>Fund Balance End of Year</i>	<u>\$37,550</u>

See accompanying notes to the basic financial statements

Agricultural Society
Belmont County, Ohio
Notes to the Basic Financial Statements
For the Years Ended November 30, 2006 and 2005

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Agricultural Society, Belmont 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 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.

A. Primary Government

The primary government 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.

B. Component Units

Component units are legally separate organizations for which the Society is financially accountable. The Society is financially accountable for an organization if the Society appoints a voting majority of the organization's governing board and (1) the Society is able to significantly influence the programs or services performed or provided by the organization; or (2) the Society is legally entitled to or can otherwise access the organization's resources; the Society is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Society is obligated for the debt of the organization. The Society is also financially accountable for any organizations that are fiscally dependent on the Society in that the Society approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Society, are accessible to the Society and are significant in amount to the Society. The Society has no component units.

Notes 8 and 9, respectively, summarize the Junior Fair Board's and the 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.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, 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.

Agricultural Society
Belmont County, Ohio
Notes to the Basic Financial Statements
For the Years Ended November 30, 2006 and 2005
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 receipts or other non-exchange 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 with 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. 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, with certain limited exceptions. The comparison of direct disbursements with program cash receipts identifies the extent to which the Society's governmental function is self-financing on a cash basis or draws from the Society's general receipts.

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 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 financial statements is on major funds. Each major fund is presented in a separate column. The Society has only one major fund - the operating 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.

Governmental Fund

The Society classifies a fund financed primarily from, intergovernmental receipts (e.g., grants), and other nonexchange transactions as a governmental fund. The Society's only major governmental fund is the Operating Fund. The Operating Fund is used to account for all financial resources of the Society. The Operating Fund balance is available to the Society for any purpose provided it is expended or transferred according to the general laws of Ohio.

Agricultural Society
Belmont County, Ohio
Notes to the Basic Financial Statements
For the Years Ended November 30, 2006 and 2005
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

The Society is not subject to Ohio Revised Code Section 5705 or House Bill 262 for budgeting.

E. Cash and Investments

The Society's accounting basis includes investments in its cash balance. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Society had no restricted assets for fiscal years 2006 and 2005.

G. 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.

H. Capital Assets

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

I. Restricted Support

Restricted support includes amounts that donors restrict for specific uses.

J. 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.

Agricultural Society
Belmont County, Ohio
Notes to the Basic Financial Statements
For the Years Ended November 30, 2006 and 2005
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

K. 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. The Society had no restricted net assets. The Society's policy would be to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Note 3 - Deposits and Investments

Monies held by the Society are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Society treasury. Active monies must be maintained either as cash in the Society treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Society can be deposited or invested in the following securities:

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;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

Agricultural Society
Belmont County, Ohio
Notes to the Basic Financial Statements
For the Years Ended November 30, 2006 and 2005
(Continued)

Note 3 - Deposits and Investments (Continued)

7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Society, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Society will not be able to recover deposits or collateral securities that are in the possession of an outside party. At November 30, 2006 and 2005, \$757,288 and \$0, respectively, of the Society's 2006 and 2005 bank balances of \$857,288 and \$48,477, respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Society's name.

The Society has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Society or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 4 - Risk Management

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

The Society insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Agricultural Society
Belmont County, Ohio
Notes to the Basic Financial Statements
For the Years Ended November 30, 2006 and 2005
(Continued)

Note 4 - Risk Management (Continued)

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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 government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	(863,163)	(1,068,245)
Retained earnings	<u>\$4,262,163</u>	<u>\$3,375,087</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Society's share of these unpaid claims collectible in future years is approximately \$22,000 and \$21,000 in 2006 and 2005, respectively. This payable includes the subsequent year's contribution due if the Society terminates participation, as described in the last paragraph below.

Agricultural Society
Belmont County, Ohio
Notes to the Basic Financial Statements
For the Years Ended November 30, 2006 and 2005
(Continued)

Note 4 - Risk Management (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2004	\$11,317
2005	\$10,524
2006	\$10,992

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 5 - Debt

At November 30, 2006, the Society had no outstanding debt. The Society's \$200,000 promissory note taken out in 2004, plus interest of \$2,060, was paid off in 2006.

Debt outstanding at November 30, 2005, was as follows:

	2005	
	<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 was due to the Progressive Bank, NA. The note was entered into on January 16, 2004 and matured January 20, 2006. The Society paid annual accrued interest payments of \$7,700 in 2005. Proceeds of the note were used to purchase land and were collateralized by the land.

Note 6 – Retirement System

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

Note 7 – Contingent Liabilities

The Society is not a defendant in any lawsuits.

Agricultural Society
Belmont County, Ohio
Notes to the Basic Financial Statements
For the Years Ended November 30, 2006 and 2005
(Continued)

Note 8 – 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 2006 and 2005, the Society disbursed \$6,295 and \$9,083, respectively, directly to the Junior Fair Board. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursements. In 2006 and 2005, Belmont County paid the Society \$500 to support 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, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$317	\$466
Receipts	7,806	8,788
Disbursements	(7,554)	(8,937)
Ending Cash Balance	\$569	\$317

Note 9 – 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 Sales Committee retains this money. The accompanying financial statement does not include the Junior Livestock Sale Committee's activities. The Junior Livestock Sale Committee's financial activity for the year ended November 30, 2006 and 2005 follows:

	2006	2005
Beginning Cash Balance	\$20,775	\$21,514
Receipts	177,215	155,765
Disbursements	(178,022)	(156,504)
Ending Cash Balance	\$19,968	\$20,775



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*

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 Agricultural Society, Belmont County, Ohio (the Society), as of and for the years ended November 30, 2006 and 2005, which collectively comprise the Society's basic financial statements and have issued our report thereon dated October 4, 2007, wherein, we noted the Society uses a comprehensive accounting basis other than generally accepted accounting principles. 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.

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We noted certain matters that we reported to the Society's management in a separate letter dated October 4, 2007.

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 October 4, 2007.

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

October 4, 2007



Mary Taylor, CPA
Auditor of State

AGRICULTURE 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
NOVEMBER 13, 2007**