



**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2005-2004



**Auditor of State
Betty Montgomery**

**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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**Auditor of State
Betty Montgomery**

Bellville Independent Agricultural Society
Richland County
131 Main Street
Bellville, Ohio 44813

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 society 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

September 22, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Bellville Independent Agricultural Society
Richland County
131 Main Street
Bellville, Ohio 44813

To the Board of Directors:

We have audited the accompanying financial statements of the Bellville Independent Agricultural Society, Richland 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 year ended November 30, 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.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Bellville Independent Agricultural Society, Richland County, Ohio, 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 September 22, 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

September 22, 2006

**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2005 AND 2004**

	2005	2004
Operating Receipts:		
Privilege Fees	\$35,819	\$36,483
Other Operating Receipts	2,387	3,081
Total Operating Receipts	38,206	39,564
Operating Disbursements:		
Wages and Benefits	4,758	4,030
Utilities	2,059	1,901
Professional Services	10,685	13,817
Equipment and Grounds Maintenance	18,491	15,032
Senior Fair	2,298	2,130
Junior Fair	8,221	8,305
Other Operating Disbursements	41,194	32,449
Total Operating Disbursements	87,706	77,664
Deficiency of Operating Receipts Under Operating Disbursements	(49,500)	(38,100)
Non-Operating Receipts:		
State Support	6,740	7,134
County Support	13,300	3,300
Restricted Donations/Contributions	33,188	26,544
Unrestricted Donations/Contributions	8,045	9,138
Investment Income	357	237
Total Non-Operating Receipts	61,630	46,353
Excess of Receipts Over Disbursements	12,130	8,253
Cash Balance, Beginning of Year	30,825	22,572
Cash Balance, End of Year	\$42,955	\$30,825

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

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**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Bellville Independent Agricultural Society, Richland County, Ohio, (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1815 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Bellville Agricultural Society Street and Junior Fair and Homecoming during September. Richland County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of 15 directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Richland County and pay an annual membership fee to the Society.

Reporting Entity

The reporting entity includes all activity occurring on the streets of the Village of Bellville. This includes the annual Street and Junior Fair and Homecoming; Junior Fair Board activities; and Junior Livestock Sale Committee activities. The reporting entity does not include any other activities or entities of Richland County, Ohio.

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

The Society had no investments at November 30, 2005 and 2004. Certificates of deposit are valued at cost.

D. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated 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 do not include these items as assets.

**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Donations/Contributions

Restricted donations/contributions include amounts that donors restrict for specific uses.

G. 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 years ended November 30, 2005 and 2004, the Society did not budget receipts; however, for 2005 and 2004, respectively, the Society had budgeted disbursements of \$86,920 and \$88,840 and actual disbursements of \$87,706 and \$77,664, resulting in a variance of (\$786) and \$11,176, respectively.

3. CASH

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

	2005	2004
Demand deposits	\$21,983	\$10,152
Certificates of deposit	20,972	20,673
Total deposits	\$42,955	\$30,825

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

4. RISK MANAGEMENT

A private company provides general liability and vehicle insurance, with limits of \$5,000,000 and \$1,000,000 in aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$10,000. The Society's general manager is bonded with coverage of \$10,000.

The Society provides workers compensation coverage on all Board members through the State of Ohio workers compensation fund. Coverage is currently in effect through July 2006.

5. SUBSEQUENT EVENT

On April 10, 2006, the Society made an offer to purchase a building for \$45,000. The building is financed by a \$30,000 seller financed promissory note for 10 years at 7% interest and payable in semi-annual installments of \$2,110.83 beginning November 30, 2006.



**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***

Bellville Independent Agricultural Society
Richland County
131 Main Street
Bellville, Ohio 44813

To the Board of Directors:

We have audited the financial statements of the Bellville Independent Agricultural Society, Richland County, Ohio, (the Society) as of and for the years ended November 30, 2005 and 2004, and have issued our report thereon dated September 22, 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 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 September 22, 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*.

Bellville Independent Agricultural Society
Richland County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the 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

September 22, 2006



**Auditor of State
Betty Montgomery**

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BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY

RICHLAND 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 9, 2006**