



**Auditor of State
Betty Montgomery**

**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY
RICHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statements of Receipts, Disbursements, and Changes in Cash Balance For the Years Ended November 30, 2003 and 2002.....	3
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	7

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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, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 statement. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Society as of November 30, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Bellville Independent Agricultural Society
Richland County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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 19, 2004

**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED NOVEMBER 30, 2003 AND 2002**

	2003	2002
Operating Receipts:		
Privilege Fees	\$34,947	\$31,299
Other Operating Receipts	2,604	1,390
Total Operating Receipts	37,551	32,689
Operating Disbursements:		
Wages and Benefits	4,430	3,110
Utilities	1,537	1,149
Professional Services	12,519	12,850
Equipment and Grounds Maintenance	21,440	13,641
Senior Fair	1,914	2,262
Junior Fair	37,936	34,526
Other Operating Disbursements	10,785	12,461
Total Operating Disbursements	90,561	79,999
(Deficiency) of Operating Receipts		
(Under) Operating Disbursements	(53,010)	(47,310)
Non-Operating Receipts/(Disbursements):		
State Support	7,541	8,139
County Support	3,300	3,300
Restricted Donations/Contributions	30,210	26,396
Unrestricted Donations/Contributions	6,270	8,802
Investment Income	308	293
Loss on Sale of Investment		(8,841)
Net Non-Operating Receipts/(Disbursements)	47,629	38,089
(Deficiency) of Receipts (Under) Disbursements	(5,381)	(9,221)
Cash Balance, Beginning of Year	27,953	37,174
Cash Balance, End of Year	\$22,572	\$27,953

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

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**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003 AND 2002**

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 12 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 believe these financial statements present all activities for which the Society is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

On December 26, 2001, the Society redeemed all shares of the MFS Mutual Fund. The Society has no other investments. Certificates of deposit are valued at cost. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

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

F. Restricted Donations/Contributions

Restricted donations/contributions include amounts that are required by the donor to be set aside for specific uses.

G. 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 has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

2. BUDGETARY ACTIVITY

For the years ended November 30, 2003 and 2002, the Society did not budget receipts. However, for 2003 and 2002, respectively, the Society had budgeted disbursements of \$86,115 and \$87,440, actual disbursements of \$90,561 and \$88,840, resulting in a variance of \$4,446 and \$1,400.

3. CASH

The carrying amount of cash at November 30, 2003 and 2002 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$2,023	\$7,765
Certificates of deposit	20,549	20,188
Total deposits	<u>\$22,572</u>	<u>\$27,953</u>

Deposits: Deposits were covered by Federal Depository Insurance Corporation (FDIC).

4. RISK MANAGEMENT

General liability and vehicle coverage is provided by Ace American Insurance Company, with limits of \$1,000,000 and \$5,000,000 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 February 2004.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL 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, 2003 and 2002, and have issued our report thereon dated July 19, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Society's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated July 19, 2004.

Bellville Independent Agricultural Society
Richland County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive style with a large initial "B".

Betty Montgomery
Auditor of State

July 19, 2004



**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
SEPTEMBER 7, 2004**