

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY**

**FINANCIAL STATEMENT
(AUDITED)**

FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

MALISSA CAMPBELL, TREASURER



Dave Yost • Auditor of State

Board of Directors
Belmont County Agricultural Society
P. O. Box 704
St. Clairsville, Ohio 43950

We have reviewed the *Independent Auditor's Report* of the Belmont County Agricultural Society, prepared by Julian & Grube, Inc., for the audit period December 1, 2012 through November 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Belmont County Agricultural Society is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

June 19, 2015

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**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY**

**FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Belmont County Agricultural Society
Belmont County
P.O. Box 704
St. Clairsville, Ohio 43950

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statement and related notes of the Belmont County Agricultural Society, Belmont County, Ohio, as of and for the years ended November 30, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Belmont County Agricultural Society's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Belmont County Agricultural Society's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the Belmont County Agricultural Society prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Board of Directors
Belmont County Agricultural Society
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Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Belmont County Agricultural Society does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Belmont County Agricultural Society as of November 30, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Belmont County Agricultural Society, Belmont County, Ohio, as of November 30, 2014 and 2013, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2015, on our consideration of the Belmont County Agricultural 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Belmont County Agricultural Society's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 14, 2015

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

	2014	2013
Operating Receipts:		
Taxes	\$ 1,004	\$ 853
Admissions	145,493	152,657
Privilege Fees	28,615	27,363
Sales by Board	2,133	2,060
Utilities	6,175	9,871
Fees	12,317	11,315
Rentals	57,670	67,525
Local	30,000	30,000
Total Operating Receipts	283,407	301,644
Operating Disbursements:		
Wages and Benefits	47,785	26,145
Administrative	5,565	12,543
Supplies	22,042	27,600
Utilities	23,541	19,973
Professional Services	91,740	112,433
Property Services	52,267	35,587
Advertising	14,393	19,165
Repairs	1,446	3,244
Insurance	19,861	15,666
Rent and Leases	17,247	17,067
Capital Outlay	176,406	208,147
Senior Fair	4,656	7,634
Contest Expenses	30,233	9,620
Junior Fair	16,598	7,048
Other Operating Disbursements	19,720	18,885
Total Operating Disbursements	543,500	540,757
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(260,093)	(239,113)
Non-Operating Receipts (Disbursements):		
State Support	6,160	5,864
Restricted Support	109,452	81,980
Unrestricted Support	557,958	617,815
Debt Service	(415,783)	(44,364)
Net Non-Operating Receipts (Disbursements)	257,787	661,295
Excess (Deficiency) of Receipts Over (Under) Disbursements	(2,306)	422,182
Cash Balance, Beginning of Year	483,879	61,697
Cash Balance, End of Year	\$481,573	\$483,879

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

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 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 Agricultural Society, Belmont 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 on 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 manage the Society. The Board is made up of 18 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.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, and other year round activities at the fairgrounds including facility rental, track and stall rental, and community events such as demolition derbies. The reporting entity does not include any other activities or entities of Belmont County, Ohio.

Notes 5 and 6, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity, respectively.

The Society's management believes this financial statement presents all activities for which the Society is financially accountable.

B. Accounting Basis

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). The basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

The Society records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of Section 509(a). Contributions to the Society are deductible per Section 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits as of the years ended November 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Demand Deposits	<u>\$ 481,573</u>	<u>\$ 483,879</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

NOTE 3 - 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 Society's. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member Society's pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Society.

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 3 - RISK MANAGEMENT - (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013 (the latest information available):

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member Society's in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Society's share of these unpaid claims collectible in future years is approximately \$11,000.

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>	
<u>2012</u>	<u>2013</u>
\$4,887	\$15,132

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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 4 - CONTINGENT LIABILITIES

The Society is not a defendant in any pending or threatened lawsuits.

**BELMONT COUNTY AGRICULTURAL SOCIETY
BELMONT COUNTY**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013

NOTE 5 - 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 2014 and 2013, the Society disbursed \$16,598 and \$7,048, respectively. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. This accompanying financial statement does not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2014 and 2013 follows:

	2014	2013
Beginning Cash Balance	\$ 3,671	\$ 1,329
Receipts	4,537	5,466
Disbursements	(5,808)	(3,124)
Ending Cash Balance	\$ 2,400	\$ 3,671

NOTE 6 - 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 Belmont County's auction. A commission of 5 percent on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statement does not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2014 and 2013 follows:

	2014	2013
Beginning Cash Balance	\$ 36,786	\$ 15,723
Receipts	439,764	374,091
Disbursements	(425,614)	(353,028)
Ending Cash Balance	\$ 50,936	\$ 36,786

NOTE 7 - DEBT

Debt service activity for the Society for the years ended November 30, 2014 and 2013 was as follows:

A \$250,000 Business Loan was issued from Wes Banco Bank for the startup cost for the new fairgrounds. The loan was entered into on May 27, 2010 and matures May 25, 2035. The Society made payments totaling \$18,944 and \$19,944 in 2014 and 2013. The Society paid off the entire remaining balance on November 21, 2014 in the amount of \$220,456. Proceeds of the loan were used for water lines, electric, excavating and roadways.

A \$160,000 Bleacher Loan was issued from Progressive Bank for the Grandstands. The loan was entered into on May 2, 2012 and matures May 2, 2022. The Society made payments totaling \$19,855 for 2013; no monthly payments were made in 2014. The Society paid off the entire remaining balance on December 13, 2013 in the amount of \$139,412.

The \$37,000 Bull Dozer Lease was issued from Northland Capital. The lease was entered into on July 1, 2013 and matures June 1, 2018. The Society made payments totaling \$4,565 for 2013; no monthly payments were made in 2014. The Society paid off the entire remaining balance on December 13, 2013 in the amount of \$36,971.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By *Government Auditing Standards*

Belmont County Agricultural Society
Belmont County
P.O. Box 704
St. Clairsville, Ohio 43950

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the Belmont County Agricultural Society, Belmont County, Ohio, as of and for the years ended November 30, 2014 and 2013 and the related notes to the financial statement and have issued our report thereon dated May 14, 2015, wherein we noted the Belmont County Agricultural Society followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Belmont County Agricultural Society's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the Belmont County Agricultural Society's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Belmont County Agricultural Society's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors
Belmont County Agricultural Society

Compliance and Other Matters

As part of reasonably assuring whether the Belmont County Agricultural Society's financial statement is 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Belmont County Agricultural Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Belmont County Agricultural Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
May 14, 2015

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Dave Yost • Auditor of State

BELMONT COUNTY AGRICULTURAL 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
JULY 2, 2015**