



**Auditor of State  
Betty Montgomery**

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JEFFERSON COUNTY AGRICULTURAL SOCIETY  
JEFFERSON COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Cover Letter.....	1
Independent Accountants' Report .....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Cash Balances - For the Years Ended November 30, 2004 and 2003.....	5
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11

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**Auditor of State  
Betty Montgomery**

Jefferson County Agricultural Society  
Jefferson County  
153 Starkey Blvd.  
Wintersville, Ohio 43953

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

November 14, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Jefferson County Agricultural Society  
Jefferson County  
153 Starkey Blvd.  
Wintersville, Ohio 43953

To the Board of Directors:

We have audited the accompanying financial statements of Jefferson County Agricultural Society, Jefferson County, (the Society) as of and for the years ended November 30, 2004 and 2003. 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 require 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 year ended November 30, 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, 2004 for the year then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Jefferson County Agricultural Society, Jefferson County, as of November 30, 2004 and 2003, 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 year ended November 30, 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 November 14, 2005, 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

November 14, 2005



**JEFFERSON COUNTY AGRICULTURAL SOCIETY  
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEARS ENDED NOVEMBER 30, 2003 AND 2004**

	<b>2004</b>	<b>2003</b>
<b>Operating Receipts:</b>		
Admissions	\$121,353	\$123,741
Privilege Fees	40,370	44,915
Rentals	13,026	14,580
Other Operating Receipts	16,307	15,852
Total Operating Receipts	191,056	199,088
<b>Operating Disbursements:</b>		
Wages and Benefits	18,159	20,837
Utilities	6,849	11,412
Professional Services	65,659	58,384
Equipment and Grounds Maintenance	61,089	67,211
Senior Fair	25,818	21,464
Junior Fair	11,946	11,174
Capital Outlay	19,249	
Other Operating Disbursements	23,133	16,757
Total Operating Disbursements	231,902	207,239
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	(40,846)	(8,151)
<b>Non-Operating Receipts:</b>		
State Support	7,134	7,541
County Support	32,049	17,800
Donations/Contributions	7,220	7,615
Investment Income	54	37
Net Non-Operating Receipts	46,457	32,993
Excess (Deficiency) of Receipts Over (Under) Disbursements	5,611	24,842
Cash Balance, Beginning of Year	39,450	14,608
<b>Cash Balance, End of Year</b>	<b>\$45,061</b>	<b>\$39,450</b>

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

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**JEFFERSON COUNTY AGRICULTURAL SOCIETY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2004 and 2003**

**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 Jefferson County Agricultural Society, Jefferson County, (the Society) as a body corporate and politic. The Society is a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1871 to operate an annual agricultural fair. The Society sponsors the week-long Jefferson County Fair during August. Jefferson 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 Jefferson 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. The reporting entity does not include any other activities or entities of Jefferson County, Ohio.

As discussed in Note 6, the Junior Fair Board activity is reflected in the accompanying financial statements.

The financial activity of the Junior Livestock Sale Committee is summarized in Note 7. Its activity is not reflected in the accompanying financial statements.

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

**B. Basis of Accounting**

This financial statement follows 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.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribe or permits.

**C. Budgetary Process**

The Board of Directors annually prepares an operating budget, including estimated receipts and disbursements. The Board approves the budget in its final form during the first six months of each fiscal year.

**D. 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.

**JEFFERSON COUNTY AGRICULTURAL SOCIETY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2004 AND 2003  
(Continued)**

**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.

**2. BUDGETARY ACTIVITY**

For the year ended 11/30/03, the Society had budgeted receipts of \$238,130, actual receipts of \$232,081, resulting in a variance of \$(6,049). Additionally, the Society had budgeted disbursements of \$221,650, actual disbursements of \$207,239, resulting in a variance of \$14,411.

For the year ended 11/30/04, the Society had budgeted receipts of \$235,930, actual receipts of \$237,513, resulting in a variance of \$1,583. Additionally, the Society had budgeted disbursements of \$217,550, actual disbursements of \$231,902, resulting in a variance of \$(14,352).

**3. CASH**

The carrying amount of cash at November 30, 2004 and 2003 follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$45,061</u>	<u>\$39,450</u>

**Deposits:** The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The remainder was collateralized by the financial institution's public entity deposit pool.

**4. SOCIAL BENEFIT PLAN**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2004 and 2003, employees contribute 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of the gross salaries through November 30, 2004 and 2003.

**5. RISK MANAGEMENT**

The Jefferson County Commissioners provide general insurance coverage for all the buildings on the Jefferson County Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle insurance coverage is provided by Whitaker Myers Insurance Agency Inc. with limits of \$1,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$40,000. The Society employees are bonded with coverage of \$10,000.

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

**JEFFERSON COUNTY AGRICULTURAL SOCIETY  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2004 and 2003  
(Continued)**

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H and FFA organization representatives, is responsible for the Junior Fair Division activities of the Jefferson County Fair. The Junior Fair Board activity is accounted for within the accounting records of the Jefferson County Agricultural Society and is reflected in the accompanying financial statements. The Society subsidizes the Junior Fair Division to the extent necessary each year.

**7. 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 Jefferson County's auction. A commission of 2% on auction sales covers auction costs. The Junior Livestock Committee retains this money. The accompanying financial statements do not include the Junior Livestock Committee's activities. The Junior Livestock Committee's financial activity for the years ended November 30, 2004 and 2003 follows:

Beginning Cash Balance	\$14,455	\$8,924
Receipts	19,377	20,201
Disbursements	<u>(17,951)</u>	<u>(14,670)</u>
Ending Cash Balance	<u><u>\$15,881</u></u>	<u><u>\$14,455</u></u>

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## 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*

Jefferson County Agricultural Society  
Jefferson County  
153 Starkey Blvd.  
Wintersville, Ohio 43953

To the Board of Directors:

We have audited the financial statements of the Jefferson County Agricultural Society (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated November 14, 2005, 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 November 14, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Society's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Society's management dated November 14, 2005, we reported another matter related to noncompliance we deemed immaterial.

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

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

November 14, 2005





**Auditor of State  
Betty Montgomery**

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**AGRICULTURAL SOCIETY**

**JEFFERSON 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  
DECEMBER 30, 2005**