



**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED NOVEMBER 30, 2013-2012**



**Dave Yost • Auditor of State**



**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY  
RICHLAND COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

### ***Report on the Financial Statement***

We have audited the accompanying financial statement and related notes of the Bellville Independent Agricultural Society, Richland County, Ohio, (the Society) as of and for the years ended November 30, 2013 and 2012.

### ***Management's Responsibility for the Financial Statement***

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 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 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 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.

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The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the 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 permitted 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 Society as of November 30, 2013 and 2012, or changes in financial position 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 combined cash balances of the Bellville Independent Agricultural Society, Richland County, Ohio, as of November 30, 2013 and 2012, and its combined 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 February 6, 2015, 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. 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 Society's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 6, 2015

**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY  
RICHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
FOR THE YEARS ENDED NOVEMBER 30, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>Operating Receipts:</b>		
Privilege Fees	\$ 48,246	\$ 47,621
Livestock Sales	44,632	47,339
Rentals	500	1,600
Other Operating Receipts	5,833	5,770
Total Operating Receipts	99,211	102,330
<b>Operating Disbursements:</b>		
Wages and Benefits	5,410	5,685
Utilities	3,376	3,879
Professional Services	10,400	11,707
Equipment and Grounds Maintenance	8,268	6,437
Rent	6,953	6,068
Livestock Expenses	42,417	44,919
Senior Fair	2,242	2,294
Junior Fair	16,716	14,105
Capital Outlay	23,130	400
Other Operating Disbursements	16,490	17,312
Total Operating Disbursements	135,402	112,806
Deficiency of Operating Receipts Under Operating Disbursements	(36,191)	(10,476)
<b>Non-Operating Receipts (Disbursements):</b>		
State Support	6,242	5,665
County Support	3,300	3,300
Unrestricted Contributions/Donations	14,957	14,090
Note Proceeds	29,033	0
Investment Income	9	19
Debt Service	(5,094)	(4,222)
Net Non-Operating Receipts (Disbursements)	48,447	18,852
Excess of Receipts Over Disbursements	12,256	8,376
Cash Balance, Beginning of Year	43,161	34,785
<b>Cash Balance, End of Year</b>	<b>\$ 55,417</b>	<b>\$ 43,161</b>

*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 STATEMENT  
NOVEMBER 30, 2013 AND 2012**

**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 Bellville Independent Agricultural Society, Richland County, (the Society) as a body corporate and politic. The Society is an independent agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1850 to operate an annual agricultural fair. The Society sponsors the week-long Bellville Street Fair during September. Richland County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 16 directors serving staggered three-year terms. Society members elect Board members from its membership. 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 during the Bellville Street Fair. This includes the junior fair livestock sale activities. The reporting entity does not include any other activities or entities of Richland County, Ohio.

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). This 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.

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**

The Society maintains an interest-bearing checking account.

**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.

**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.

**BELLVILLE INDEPENDENT AGRICULTURAL SOCIETY  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
NOVEMBER 30, 2013 AND 2012  
(Continued)**

**2. Deposits**

The carrying amount of cash at November 30, 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Demand deposits	\$55,417	\$43,161

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. Debt**

In 2013, the Society paid off a promissory note issued in 2006 for the purchase of a building.

Debt outstanding at November 30, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	\$29,033	4.50%

On October 1, 2013, the Society obtained a \$29,033 promissory note from a local bank to finance repairs to a storage building. The Society must repay the note over a ten year period, beginning in 2014, at an annual interest rate of 4.5%.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending	
November 30:	<u>Promissory Note</u>
2014	\$3,681
2015	3,681
2016	3,681
2017	3,681
2018	3,681
2019-2023	18,404
	\$36,809

**4. Risk Management**

The Society contracts with a private company to provide general liability and vehicle insurance, with limits of \$1,000,000 and \$5,000,000 aggregate. This policy includes crime coverage with limits of liability of \$25,000. The Society provides workers' compensation coverage on all employees through the State of Ohio workers' compensation fund. Coverage is currently in effect through February 2015.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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, 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 Bellville Independent Agricultural Society, Richland County, Ohio, (the Society) as of and for the years ended November 30, 2013 and 2012, and the related notes to the financial statement, and have issued our report thereon dated February 6, 2015, wherein we noted the 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 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 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 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.

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

As part of reasonably assuring whether the 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*.

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***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 Society's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Society's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 6, 2015



# Dave Yost • Auditor of State

**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  
MARCH 3, 2015**