



**Auditor of State  
Betty Montgomery**



**AGRICULTURAL SOCIETY  
HOCKING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter.....	1
Independent Accountants' Report.....	3
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2003 .....	5
Statement of Receipts, Disbursements, and Change in Cash Balance - For the Year Ended November 30, 2004 .....	6
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**

Agricultural Society  
Hocking County  
P.O. Box 133  
Union Furnace, Ohio 43158

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 black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 19, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Agricultural Society  
Hocking County  
P.O. Box 133  
Union Furnace, Ohio 43158

To the Board of Directors:

We have audited the accompanying financial statements of the Agricultural Society, Hocking County, Ohio (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 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 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, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Agricultural Society, Hocking 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 October 19, 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

October 19, 2005

**AGRICULTURAL SOCIETY  
HOCKING COUNTY**

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

	<b>2004</b>
<b>Operating Receipts:</b>	
Admissions	\$126,359
Privilege Fees	22,857
Rentals	14,753
Sustaining and Entry Fees	11,049
Other Operating Receipts	7,051
Total Operating Receipts	182,069
<b>Operating Disbursements:</b>	
Wages and Benefits	21,863
Administration Expense	11,235
Utilities	12,419
Professional Services	83,769
Equipment and Grounds Maintenance	24,073
Senior Fair	16,516
Junior Fair	14,096
Capital Outlay	4,667
Other Operating Disbursements	26,059
Total Operating Disbursements	214,697
Excess (Deficiency) of Operating Receipts Over/(Under) Operating Disbursements	(32,628)
<b>Non-Operating Receipts/(Disbursements):</b>	
State Support	7,134
County Support	5,700
Donations/Contributions	19,726
Investment Income	282
Debt Service	(5,173)
Net Non-Operating Receipts/(Disbursements)	27,669
Excess (Deficiency) of Receipts Over/(Under) Disbursements	(4,959)
Cash Balance, Beginning of Year	42,374
<b>Cash Balance, End of Year</b>	<b>\$37,415</b>

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

**AGRICULTURAL SOCIETY  
HOCKING COUNTY**

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

	<b>2003</b>
<b>Operating Receipts:</b>	
Admissions	\$151,717
Privilege Fees	21,238
Rentals	14,075
Sustaining and Entry Fees	13,957
Other Operating Receipts	7,258
Total Operating Receipts	208,245
<b>Operating Disbursements:</b>	
Wages and Benefits	16,561
Administration Expense	9,572
Utilities	13,439
Professional Services	91,936
Equipment and Grounds Maintenance	22,742
Senior Fair	20,532
Junior Fair	16,944
Capital Outlay	14,112
Other Operating Disbursements	26,923
Total Operating Disbursements	232,761
Excess (Deficiency) of Operating Receipts Over/(Under) Operating Disbursements	(24,516)
<b>Non-Operating Receipts/(Disbursements):</b>	
State Support	7,541
County Support	6,000
Donations/Contributions	24,243
Investment Income	225
Debt Service	(5,188)
Net Non-Operating Receipts/(Disbursements)	32,821
Excess (Deficiency) of Receipts Over/(Under) Disbursements	8,305
Cash Balance, Beginning of Year	34,069
<b>Cash Balance, End of Year</b>	<b>\$42,374</b>

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

**AGRICULTURAL SOCIETY  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
NOVEMBER 30, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Agricultural Society, Hocking County (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 a county agricultural society corporation formed under Chapter 1711 of the Ohio Revised Code. The Society was founded in 1853 to direct the operation of an annual agricultural fair. The Society sponsors the week-long Hocking County Fair during July. Hocking 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 twenty-one directors serving staggered three-year terms, elected from the membership of the Society. Members of the Society must be residents of Hocking 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. Other year round activities at the fairgrounds include facility rental and community events such as demolition derbies. The reporting entity does not include any other activities or entities of Hocking County, Ohio.

The financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 6 and Note 7, respectively.

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 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**

Certificates of deposit are valued at cost.

**D. 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 statements.

**AGRICULTURAL SOCIETY  
HOCKING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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. CASH**

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

	2004	2003
Demand deposits	\$7,102	\$32,343
Certificates of deposit	30,313	10,031
Total deposits	\$37,415	42,374

**Deposits:** \$100,000 of the demand deposits and certificate of deposit were covered by Federal Deposit Insurance Corporation (FDIC). The remainder of the deposits was uninsured and uncollateralized.

**3. DEBT**

Debt outstanding at November 30, 2004 was a follows:

	Principal	Interest Rate
Mortgage Note	\$10,481	6.00%

The mortgage note was originally obtained in 1998 for \$35,000 for the construction of a cattle barn. The note currently has an interest rate of 6.00% and is payable to Citizens Bank of Logan. The note is secured by property owned by the Society.

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

Year Ending November 30	Mortgage Note
2005	\$5,173
2006	5,173
2007	1,188
Total	\$11,534

**AGRICULTURAL SOCIETY  
HOCKING COUNTY**

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

**4. SOCIAL BENEFIT PLAN**

All employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2002, employees contributed 6.2% of their gross salaries. The Society contributed an amount equal to 6.2% of participant's gross salaries through November 30, 2004.

**5. RISK MANAGEMENT**

The Hocking County Commissioners provide general insurance coverage for all the buildings on the Hocking County Fairgrounds pursuant to Ohio Revised Code § 1711. 24. General liability and vehicle coverage is provided by the Ace American Insurance Company, with limits of \$5,000,000. The Society also has bonds for the Secretary and Treasurer in the amount of \$10,000.

**6. JUNIOR FAIR BOARD**

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scouts, and Girl Scouts, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Hocking County Fair. The Society disbursed \$14,096 in 2004 and \$16,944 in 2003 directly to vendors to support Junior Fair activities. The Society was reimbursed \$500 in 2004 and \$500 in 2003 by Hocking County and \$4,078 in 2004 and \$4,209 in 2003 by the State of Ohio for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statements do not include the activities of the Junior Fair Board. The Junior Fair Board's activity for the years ended November 30, 2004 and 2003 follows:

	2004	2003
Beginning Cash Balance	\$1,544	\$854
Receipts	1,377	1,820
Disbursements	940	1,130
Ending Cash Balance	\$1,981	\$1,544

**7. JUNIOR LIVESTOCK SALE COMMITTEE**

The Junior Livestock Sale Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. The Livestock Committee is made up of individuals from the Board of Directors, local businesses, and individuals involved with 4-H. The Livestock Committee checking account is controlled by the Committee. Receipts from buyers and checks to sellers are accounted for in the Junior Livestock Sale Committee bank account. Monies to cover the cost of the auction are generated through a 3 percent commission per animal sold. The commission is retained in the Junior Livestock Sale Committee bank account. The accompanying financial statements do not include the bank activity of the Junior Livestock Sale Committee. The Junior Livestock Sale Committee's bank activity for the years ended November 30, 2004 and 2003 follows:

	2004	2003
Beginning Cash Balance	\$11,694	\$9,501
Receipts	180,416	192,248
Disbursements	188,963	190,055
Ending Cash Balance	\$3,147	\$11,694

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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***

Agricultural Society  
Hocking County  
P.O. Box 133  
Union Furnace, Ohio 43158

To the Board of Directors:

We have audited the financial statements of the Agricultural Society, Hocking County, Ohio (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated October 19, 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 October 19, 2005, we reported other matters involving internal control over financial reporting which 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 October 19, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Agricultural Society  
Hocking 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, the Board of Directors, and other officials authorized to receive this report. 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

October 19, 2005



**Auditor of State  
Betty Montgomery**

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**AGRICULTURAL SOCIETY**

**HOCKING 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 29, 2005**