



**Auditor of State
Betty Montgomery**

GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY

TABLE OF CONTENTS

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

Gallia County Agricultural Society
Gallia County
P.O. Box 931
Gallipolis, Ohio 45631

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

July 22, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Gallia County Agricultural Society
Gallia County
P.O. Box 931
Gallipolis, Ohio 45631

To the Board of Directors:

We have audited the accompanying financial statements of Gallia Agricultural Society, Gallia 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 Gallia County Agricultural Society, Gallia 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 July 22, 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

July 22, 2005

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

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

	<u>2004</u>
Operating Receipts:	
Admissions	\$233,372
Privilege Fees	40,470
Rentals	143,995
Sustaining and Entry Fees	15,906
Other Operating Receipts	<u>13,697</u>
 Total Operating Receipts	 <u>447,440</u>
Operating Disbursements:	
Wages and Benefits	74,193
Utilities	46,124
Professional Services	145,029
Equipment and Grounds Maintenance	114,066
Senior Fair	16,685
Junior Fair	41,195
Capital Outlay	33,154
Other Operating Disbursements	<u>49,477</u>
 Total Operating Disbursements	 <u>519,923</u>
Excess (Deficiency) of Operating Receipts Over/(Under) Operating Disbursements	 <u>(72,483)</u>
Non-Operating Receipts/(Disbursements):	
State Support	77,134
Donations/Contributions	30,688
Investment Income	<u>4,687</u>
 Net Non-Operating Receipts/(Disbursements)	 <u>112,509</u>
Excess (Deficiency) of Receipts Over/(Under) Disbursements	40,026
Cash Balance, Beginning of Year	<u>385,803</u>
Cash Balance, End of Year	<u><u>\$425,829</u></u>

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

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

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

	2003
Operating Receipts:	
Admissions	\$231,975
Privilege Fees	40,753
Rentals	126,043
Sustaining and Entry Fees	13,177
Other Operating Receipts	2,086
Total Operating Receipts	414,034
Operating Disbursements:	
Wages and Benefits	62,503
Utilities	41,364
Professional Services	146,855
Equipment and Grounds Maintenance	88,994
Senior Fair	14,290
Junior Fair	40,791
Capital Outlay	760,190
Other Operating Disbursements	44,084
Total Operating Disbursements	1,199,071
Excess (Deficiency) of Operating Receipts Over/(Under) Operating Disbursements	(785,037)
Non-Operating Receipts/(Disbursements):	
State Support	718,797
Donations/Contributions	46,190
Investment Income	5,106
Net Non-Operating Receipts/(Disbursements)	770,093
Excess (Deficiency) of Receipts Over/(Under) Disbursements	(14,944)
Cash Balance, Beginning of Year	400,747
Cash Balance, End of Year	\$385,803

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

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 Gallia County Agricultural Society, Gallia 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 1950 to operate an annual agricultural fair. The Society sponsors the week-long Gallia County Fair during July. Gallia County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of fifteen directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Gallia 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 including trade shows. The reporting entity does not include any other activities or entities of Gallia County, Ohio.

Notes 4 and 5, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Society recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Property, Plant, and Equipment

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

D. 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.

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

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

2. CASH

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

	2004	2003
Demand deposits	\$404,137	\$364,644
Certificates of deposit	21,692	21,159
Total deposits	\$425,829	\$385,803

Deposits: The Federal Deposit Insurance Corporation insures up to \$100,000 of the Society's bank balance. The remainder is collateralized by securities specifically pledged by the financial institution to the Society.

3. RISK MANAGEMENT

The Gallia County Commissioners provide general insurance coverage for all the buildings on the Gallia County Fairgrounds pursuant to Ohio Rev. Code Section 1711.24. A private company provides general liability and vehicle insurance, with limits of \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability 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.

4. 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 Gallia County Fair. The accompanying financial statement includes activity of the Junior Fair Youthboard. All Junior Fair Youthboard activity is accounted for and tightly commingled with the Society's activity.

5. 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 Gallia County's auction. There is no financial activity for the Junior Livestock Sale Committee. The buyer of the livestock pays the money directly to the child. There is no money paid to the Junior Livestock Sale Committee.

6. RELATED PARTY TRANSACTIONS

Dan Brown, Board Member, is part owner of Brown Insurance Agency, from which the Society purchased their Nationwide Commercial Liability Insurance Policy. Brent Eastman, Board Member, is part owner of Eastman's Foodland Grocery Store from which the Society made various purchases throughout 2004 and 2003.

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

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

7. SOCIAL SECURITY 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 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.

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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*

Gallia County Agricultural Society
Gallia County
P.O. Box 931
Gallipolis, Ohio 45631

To the Board of Directors:

We have audited the financial statements of the Gallia County Agricultural Society, Gallia County, Ohio (the Society), as of and for the years ended November 30, 2004 and November 30, 2003 and have issued our report thereon dated July 22, 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 July 22, 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 July 22, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

July 22, 2005



**Auditor of State
Betty Montgomery**

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800-282-0370

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GALLIA COUNTY AGRICULTURAL SOCIETY

GALLIA 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 6, 2005**