



HOLMES COUNTY AGRICULTURAL SOCIETY

REGULAR AUDIT

FOR THE YEARS ENDED NOVEMBER 30, 2004-2003



**Auditor of State
Betty Montgomery**

HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY

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**Auditor of State
Betty Montgomery**

Holmes County Agricultural Society
Holmes County
P.O. Box 232
Millersburg, Ohio 44654

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.

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Betty Montgomery
Auditor of State

September 16, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Holmes County Agricultural Society
Holmes County
P.O. Box 232
Millersburg, Ohio 44654

To the Board of Directors:

We have audited the accompanying financial statements of the Holmes County Agricultural Society, Holmes 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 combined fund cash balances of the Holmes County Agricultural Society, Holmes County, as of November 30, 2004 and 2003, and its combined 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 September 16, 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

September 16, 2005

**HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY**

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

	2004	2003
Operating Receipts:		
Admissions	\$75,204	\$121,138
Privilege Fees	48,470	55,376
Rentals	5,935	5,056
Other	4,530	11,849
	<u>134,139</u>	<u>193,419</u>
Operating Disbursements:		
Wages and Benefits	27,779	28,356
Utilities	19,232	18,044
Professional Services	34,000	72,300
Equipment and Grounds Maintenance	67,227	68,236
Senior Fair	10,336	10,634
Junior Fair	14,463	17,750
Capital Outlay	3,505	29,489
Other	34,381	54,498
	<u>210,923</u>	<u>299,307</u>
(Deficiency) of Operating Receipts (Under) Operating Disbursements	<u>(76,784)</u>	<u>(105,888)</u>
Non-Operating Receipts (Disbursements):		
State Support	16,859	7,541
County Support	40,000	30,622
Donations/Contributions	26,036	24,099
Investment Income	994	1,883
Debt Service	(100)	(89)
	<u>83,789</u>	<u>64,056</u>
Net Non-Operating Receipts (Disbursements)	<u>83,789</u>	<u>64,056</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	7,005	(41,832)
Cash Balance, Beginning of Year	<u>111,529</u>	<u>153,361</u>
Cash Balance, End of Year	<u>\$118,534</u>	<u>\$111,529</u>

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

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**HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES 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 Holmes County Agricultural Society, Holmes 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 1966 to operate an annual agricultural fair. The Society sponsors the week-long Holmes County Fair during August. Holmes County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 19 directors serving staggered three-year terms. Society members elect Board members from its membership. Members of the Society must be residents of Holmes 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 including facility rental and community events. The reporting entity does not include any other activities or entities of Holmes County, Ohio.

Notes 7 and 8, respectively, summarize the Junior Fair Board's and Junior Livestock Sale Committee's financial activity.

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. Cash and Investments

The Society's accounting basis includes investments in its cash balances. Accordingly, this basis does not report investment purchases as disbursements or investment sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Budgetary Process

The Board of Directors annually prepares an operating budget, including estimated disbursements. The Board approves the budget in its final form during the first six months of each fiscal year. The Board reviews the budget throughout the year and compares it with actual results.

**HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. 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.

F. 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 November 30, 2004, the Society had budgeted disbursements of \$306,225, actual disbursements of \$211,023, resulting in a variance of \$95,202. For the year ended November 30, 2003, the Society had budgeted disbursements of \$278,000, actual disbursements of \$299,396, resulting in a variance of \$(21,396).

3. CASH AND INVESTMENTS

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$118,534	\$8,779
Certificates of deposit		<u>102,750</u>
Total deposits	<u>\$118,534</u>	<u>\$111,529</u>

Deposits: The Federal Depository Insurance Corporation insures up to \$100,000 of the Society's bank balance. The remainder was uninsured and uncollateralized.

4. DEBT

The Society secured a line of credit up to \$20,000 for general operations from Commercial & Savings Bank at a rate of 3.75%. At November 30, 2004 and 2003, the Society had no outstanding balance owed on this line of credit.

**HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY**

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

5. RISK MANAGEMENT

The Society provides health coverage for full-time, supervisory employees through an insurance company.

The Holmes County Commissioners provide general insurance coverage for all the buildings on the Holmes County Fairgrounds pursuant to Ohio Rev. Code Section 1711.24. A private company provides general liability with limits of \$2,000,000. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000. The Society's general manager is bonded with coverage of \$40,000.

6. RELATED PARTY TRANSACTIONS

Kerry Taylor, a Board member, is part owner of Millersburg Electric from which the Society acquired electrical services during the year. The Society paid \$3,051 for this service.

Matt Feikert and Tim Feikert, Board members, are father and son. The Society paid Feikert Concrete and Feikert Sand & Gravel \$1,792 and \$154 respectively for services throughout 2004. Tim Feikert is part owner of Feikert Concrete and Feikert Sand & Gravel.

Guy Stallman, father of Board member Scott Stallman, worked for the grounds and maintenance dept. and earned \$798 and \$1,358 respectively for 2003 and 2004.

Dale McKee, Board member and President, owns WT McKee Construction. The Society paid WT McKee Construction \$911 for services during 2004.

Gail Cochran, Treasurer, is a Loan Secretary at the Commercial and Savings Bank (CSB). The Society maintains a checking account, a certificate of deposit, and has a line of credit at CSB.

7. 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 Holmes County Fair. The Society disbursed no monies directly to the Junior Fair Board and \$14,463 and \$17,750 for 2004 and 2003, respectively directly to vendors to support Junior Fair activities. These expenses are reflected as a disbursement in the accompanying financial statement as Junior Fair Disbursement. Holmes County paid the Society \$500 to support Junior Club work. The Junior Fair Board accounts for its activities separately. These accompanying financial statements do not include this activity. The Junior Fair Board's financial activity for the years ended November 30, 2004 and 2003 follows:

	2004	2003
Beginning Cash Balance	\$ 17,356	\$ 15,925
Receipts	34,940	44,155
Disbursements	(33,467)	(42,724)
Ending Cash Balance	\$ 18,829	\$ 17,356

HOLMES COUNTY AGRICULTURAL SOCIETY
HOLMES COUNTY

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

8. 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 Holmes County's auction. A commission of 2 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, 2004 and 2003 follows:

	2004	2003
Beginning Cash Balance	\$ 8,635	\$ 4,591
Receipts	283,576	270,966
Disbursements	<u>(279,364)</u>	<u>(266,922)</u>
Ending Cash Balance	<u>\$ 12,847</u>	<u>\$ 8,635</u>



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*

Holmes County Agricultural Society
Holmes County
P.O. Box 232
Millersburg, Ohio 44654

To the Board of Directors:

We have audited the financial statements of the Holmes County Agricultural Society, Holmes County, Ohio, (the Society) as of and for the years ended November 30, 2004 and 2003, and have issued our report thereon dated September 16, 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 September 16, 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 September 16, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

September 16, 2005



**Auditor of State
Betty Montgomery**

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AGRICULTURAL SOCIETY

HOLMES 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 10, 2005**