



Dave Yost • Auditor of State

GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements and related notes of the Gallia County Agricultural Society, Gallia County, Ohio (the Society), as of November 30, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements 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 these financial statements based on our audit based on conducting the audit 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*.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The supporting documentation for all of the Society's receipt and expense transactions for the period December 1, 2012 through November 30, 2014 was destroyed in a fire at the Board offices on February 26, 2015. We were unable to satisfy ourselves by other auditing procedures the existence and accuracy of recorded transactions in respect to the elements making up the Combined Statements of Receipts, Disbursements, and Changes in Fund Balances as of November 30, 2014 and 2013.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 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.

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Dave Yost
Auditor of State
Columbus, Ohio

November 9, 2015

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
FOR THE YEARS ENDED NOVEMBER 30, 2014 AND 2013**

	2014	2013
Operating Receipts:		
Admissions	\$197,586	\$219,650
Privilege Fees	47,143	47,810
Rentals	135,026	147,242
Sustaining and Entry Fees	8,426	13,436
Other Operating Receipts	6,527	16,400
 Total Operating Receipts	 394,708	 444,538
Operating Disbursements:		
Wages and Benefits	89,095	85,983
Utilities	72,411	71,051
Professional Services	104,600	148,558
Equipment and Grounds Maintenance	60,297	54,212
Junior Fair	57,411	54,148
Capital Outlay	12,443	17,136
Other Operating Disbursements	197,440	123,519
 Total Operating Disbursements	 593,697	 554,607
 Excess (Deficiency) of Operating Receipts (Under) Operating Disbursements	 (198,989)	 (110,069)
Non-Operating Receipts:		
State Support	6,716	5,542
County Support	10,908	17,008
Donations/Contributions	64,201	65,605
Investment Income	602	841
 Net Non-Operating Receipts	 82,427	 88,996
 Excess (Deficiency) of Receipts (Under) Disbursements	 (116,562)	 (21,073)
 Cash Balance, Beginning of Year	 328,176	 349,249
 Cash Balance, End of Year	 \$211,614	 \$328,176

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

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**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013**

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 Junior Fair during July/August. Gallia County is not financially accountable for the Society. The Board of Directors manages the Society. The Board is made up of 15 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 including facility rental, track and stall rental, and community events including trade shows. The reporting entity does not include any other activities or entities of Gallia County, Ohio.

Notes 5 and 6, 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. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits and Investments

The Society's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Society invests in certificates of deposit.

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. 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.

E. Income Tax Status

The Society is a not-for-profit organization, exempt from income taxes under § 501(c) (3) of the Internal Revenue Code. The Society is not a private foundation within the meaning of § 509 (a). Contributions to the Society are deductible per § 170(b)(1)(A)(v1). Management is unaware of any actions or events that would jeopardize the Society's tax status.

2. Deposits

The Society maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at November 30, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	\$183,560	\$300,206
Certificates of deposit	28,054	27,970
Total deposits	<u>\$211,614</u>	<u>\$328,176</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or 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 Revised Code § 1711.24. A private company provides general liability and vehicle insurance, with limits of \$2,000,000 and \$500,000 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 November, 2014.

4. Subsequent Events

On February 27, 2015 a fire destroyed the Board offices at the Fairgrounds. Insurance claim for this event is pending due to delays in the start of construction of the new facility.

5. 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 Youth Board. All Youth Board activity is accounted for and tightly commingled with the Society's activity.

**GALLIA COUNTY AGRICULTURAL SOCIETY
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2014 AND 2013
(Continued)**

6. 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.

7. Foundation for Appalachian Ohio

During 2013, the Society established an account with the Foundation for Appalachian Ohio for the purpose of accumulating funds to be used for the relocation of the fairgrounds. Foundation for Appalachian Ohio is a regional community foundation serving Appalachian Ohio's 32 counties. The account is funded by public donations. As of November 30, 2014, the account balance was \$85,236.

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INDEPENDENT AUDITOR'S 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 were engaged to audit in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Gallia County Agricultural Society, Gallia County, Ohio (the Society) as of and for the years ended November 30, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated November 9, 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. We did not opine on these financial statements because the supporting documentation for all of the Society's receipt and expense transactions for the period December 1, 2012 through November 30, 2014 was destroyed in a fire at the Board offices on February 26, 2015. We were unable to satisfy ourselves by other auditing procedures the existence and accuracy of recorded transactions in respect to the elements making up the Combined Statements of Receipts, Disbursements, and Changes in Fund Balances as of December 31, 2014 and 2013.

Internal Control Over Financial Reporting

As part of our financial statement engagement, 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 statements, 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 statements. 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 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, 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*.

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.

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Dave Yost
Auditor of State
Columbus, Ohio

November 9, 2015



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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
NOVEMBER 24, 2015**